

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**OF THE**  
**CITY OF BIRMINGHAM, ALABAMA**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2007**

**OFFICE OF THE DIRECTOR OF FINANCE**  
**Steve F. Sayler**  
**Director**

City of Birmingham, Alabama  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2007

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## **INTRODUCTORY SECTION**

- **List of City Officials**
- **Finance Director's Letter of Transmittal**
- **Certificate of Achievement-  
Government Finance Officers Association**
- **City of Birmingham Organization Chart**



**OFFICIALS OF THE CITY OF BIRMINGHAM**  
**JUNE 30, 2007**

**MAYOR**

**Larry P. Langford**

**CITY COUNCIL**

**Carole Smitherman, President**  
*District 6*

<b>Joel Montgomery</b>	<i>District 1</i>	<b>William A. Bell, Sr.</b>	<i>District 5</i>
<b>Carol Reynolds</b>	<i>District 2</i>	<b>Miriam Witherspoon</b>	<i>District 7</i>
<b>Valerie A. Abbott</b>	<i>District 3</i>	<b>Steven W. Hoyt</b>	<i>District 8</i>
<b>Maxine H. Parker</b>	<i>District 4</i>	<b>Roderick V. Royal</b>	<i>District 9</i>

**DEPARTMENT HEADS**

<b>Arlington</b>	<b>Daniel Brooks, Director</b>
<b>Auditorium</b>	<b>Kevin Arrington, Director</b>
<b>City Clerk</b>	<b>Paula Smith, City Clerk</b>
<b>City Council</b>	<b>Cheryl Kidd, Administrator</b>
<b>Community Development</b>	<b>James Fenstermaker, Director</b>
<b>Equipment Management</b>	<b>George R. Rainey, Director</b>
<b>Finance</b>	<b>Steve Sayler, Director</b>
<b>Fire</b>	<b>Ivor Brooks, Chief</b>
<b>Law</b>	<b>Lawrence Cooper, City Attorney</b>
<b>Library</b>	<b>Barbara Sirmans, Director</b>
<b>Municipal Court</b>	<b>Raymond Chambliss, Presiding Judge</b>
<b>Museum of Art</b>	<b>Gail Trechsel, Director</b>
<b>Office of Information Management Systems</b>	<b>John Wade, Director</b>
<b>Parole</b>	<b>Stanley Hamby, Director</b>
<b>Park and Recreation</b>	<b>Melvin Miller, Director</b>
<b>Personnel</b>	<b>Ann Thompson, Director</b>
<b>Planning, Engineering, and Permits</b>	<b>William Gilchrist, Director</b>
<b>Police</b>	<b>A. C. Roper, Chief</b>
<b>Public Safety</b>	<b>Rickey Kennedy, Director</b>
<b>Sloss Furnaces</b>	<b>Robert Rathburn, Director</b>
<b>Southern Museum of Flight</b>	<b>Jim Griffin, Director</b>
<b>Traffic Engineering</b>	<b>Greg Dawkins, Engineer</b>



LARRY P. LANGFORD  
MAYOR

# CITY OF BIRMINGHAM

## DEPARTMENT OF FINANCE

A-100 CITY HALL  
710 NORTH 20TH STREET  
BIRMINGHAM, ALABAMA 35203-2227

TELEPHONE (205) 254-2205  
FAX (205) 254-2937

STEVE F. SAYLER  
DIRECTOR

December 21, 2007

To the Honorable Larry P. Langford, Mayor,  
City Council Members,  
Citizens of the City of Birmingham

The Comprehensive Annual Financial Report (the CAFR) for the City of Birmingham's fiscal year ended June 30, 2007, is hereby submitted. This CAFR is the official comprehensive publication of the City's financial position at June 30, 2007. The City is responsible for both the accuracy of the data and the completeness and fairness of the presentation including all disclosures. To the best of our knowledge and belief, the enclosed CAFR is accurate in all material respects and all statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities have been included.

### CITY PROFILE

The City of Birmingham was incorporated in 1871 and is centrally located in the State of Alabama at the foothills of the Appalachian Mountains. The City is approximately 151 square miles in area with an estimated population of 242,820.

The City operates under a mayor-council form of government. There are nine council members representing separate districts of the City. The Mayor is elected at large and serves four-year terms; the Council is elected by district and also serve four-year terms.

The City of Birmingham provides a wide range of services to its citizens including the following:

- Police and fire protection
- Sanitation services
- Construction and maintenance of highways, streets, and infrastructure
- Recreational activities
- Cultural events
- Libraries and museums

## REPORTING ENTITY

This CAFR includes all funds of the City of Birmingham. Also included are the funds of two separate legal entities, the Birmingham Airport Authority and the Birmingham Parking Authority. They are included because the City is financially accountable for their activities.

## ECONOMIC CONDITIONS AND OUTLOOK

The City of Birmingham serves as the economic center for the metropolitan area and has a diverse economy which continues to show signs of increased economic activity as evidenced by several economic development projects that are planned and underway. The projects are expected to increase revenue and provide jobs which will continue to lower unemployment, currently below the national median. The City of Birmingham continues to be strengthened by the University of Alabama Medical Center, the City's largest employer with approximately 19,000 jobs. The City has a strong banking presence. This sector includes Regions Bank, which recently acquired AmSouth Bancorp. The merger is expected to add approximately 400 jobs in the metropolitan area with a significant number being added to locations within the City. An expansion of \$75 million to the University of Alabama at Birmingham Hospital and Women's and Children Center along with a \$150 million expansion project underway at St. Vincent's Hospital are indicators of the growth, importance and long term commitment to the healthcare sector in the City.

The City is committed to stimulating economic growth and has played a significant role in the development of several projects designed to increase revenue. An example is the most recent opening of the new Eastwood Mall retail center, anchored by a Wal-Mart Supercenter, which is a new addition to the City. The new shopping center includes other national retail stores and restaurants. The shopping center is expected to generate approximately \$2.4 million in new revenue annually. In addition to the retail sector, the City continues to experience an increase in housing development and park improvements. Several single family housing and apartment developments are underway. Park improvements are highlighted by the development of the \$50 million Rail Road Reservation Park which is designed to connect the City's downtown with its bustling south side. Also, plans are underway to provide additional resources and re-invigorate efforts to redevelop many of the City's historic neighborhood business districts.

## FUTURE INITIATIVES

The City of Birmingham recently increased its sales and use tax and business license fee rates. Revenue derived from the rate increases will be used to fund the City's Economic and Community Revitalization Plan (the Plan). The Plan is an

initiative developed by the Mayor and adopted by the City Council. The purpose of the Plan is to provide funding for the following key initiatives:

- Creation of a scholarship program for City of Birmingham students
- Economic development to attract new businesses and to retain and expand existing companies
- Improve transit in the City of Birmingham
- Fund a multi-purpose convention and entertainment center
- Neighborhood revitalization through capital improvements
- Improvements and enhancements in public safety

These strategic initiatives have been vigorously embraced by the City's leadership and have been identified as being vital in helping to stimulate growth and ensure the long term economic health of the City.

### **OTHER FINANCIAL INFORMATION**

The City's management is responsible for the establishment and maintenance of accounting and other internal controls to ensure compliance with applicable laws and City policies, that assets are safeguarded, and that financial transactions are properly recorded and documented to provide reliable information for the preparation of the City's financial statements in accordance with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Section 3.18 of the Mayor-Council Act requires an independent audit of the financial records by a certified public accounting firm. The City's financial statements for June 30, 2007, have been audited by Banks, Finley, White & Company, Certified Public Accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Birmingham's financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this CAFR.

The independent audit of the financial statements of the City was part of a broader federal and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on the administration of federal and state awards. The Single Audit is available upon request.

Included in this report is a narrative MD&A that provides an overview and analysis of the City's financial performance. This letter of transmittal is designed to supplement the MD&A and should be read in conjunction with it. The City's MD&A is located immediately following the auditor's report.

### ACHIEVEMENTS

The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Birmingham for its CAFR for the fiscal year ended June 30, 2006.

The Certificate of Achievement is a prestigious national award presented to state and local governments for publishing an easily readable and efficiently organized CAFR whose contents conform to program standards and complies with generally accepted accounting principles and applicable legal requirements. The Certificate is valid for a period of one year.

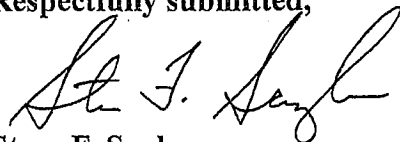
The City of Birmingham has received the Certificate for the last 30 consecutive years. We believe our current CAFR continues to conform to Certificate of Achievement program requirements, and we are submitting it to GFOA for consideration.

Additionally, the City's budget report for fiscal year beginning July 1, 2006, was awarded the Government Finance Officer's Association Award for Distinguished Budget Presentation. In order to receive this award, a governmental unit must publish a document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The City believes its current budget report also meets the above criteria, and we have submitted it to the GFOA for consideration.

### ACKNOWLEDGMENT

Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the staff of the Finance Department. I would also like to thank the Mayor, Council, and other department heads for their cooperation in the development of this financial report.

Respectfully submitted,



Steve F. Sayler  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Birmingham  
Alabama

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



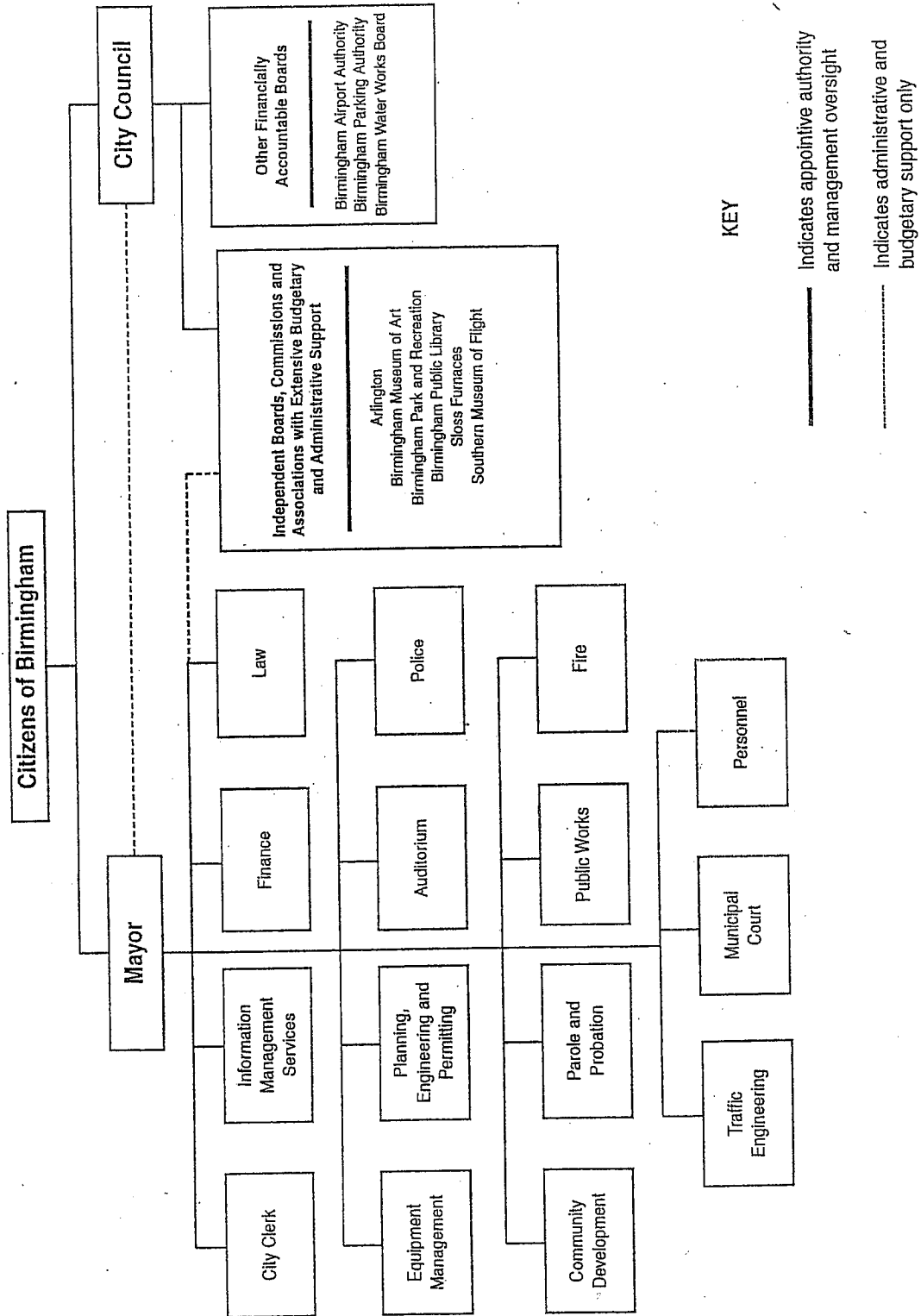
*Clare S. Cox*

President

*Jeffrey R. Enen*

Executive Director

# City of Birmingham, Alabama Organization Chart



# **FINANCIAL SECTION**

- **Independent Auditor's Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Notes to the Financial Statements**
- **Required Supplementary Information**



## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
of the City of Birmingham, Alabama

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Birmingham, Alabama ("the City") as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Birmingham Parking Authority, which represent 3.06 percent, 2.90 percent, and 8.78 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Birmingham Parking Authority, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



To the Honorable Mayor and  
Members of the City Council  
of the City of Birmingham, Alabama  
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In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2007, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 11 through 18 and 68 through 75, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

December 21, 2007

*Paula, Finley White & Co.*

# MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Birmingham, Alabama (City), we invite our readers to review this overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2007 (fiscal year 2007). Its purpose is to provide an introduction and overview readers should use to interpret and analyze the City's basic financial statements and financial activities based upon currently known facts, decisions and conditions. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report and the City's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- The City's net assets were \$254,103,000 for governmental activities and \$996,000 for business-type activities at June 30, 2007. This reflects a decrease in governmental activities' net assets of \$29,180,000, or 10.3% from fiscal year 2006.
- During fiscal year 2007, the City received \$402,116,000 in taxes and other revenues, which represents an increase of \$38,735,000 from fiscal year 2006. Additional funds from operating grants and investment income accounted for the majority of this increase.
- Total expenditures for the year were \$431,296,000, which represent a decrease of \$1,591,000 (.4%) from fiscal year 2006. Decreases in expenditures resulted mainly from unfilled vacant positions.
- General fund operating revenues exceeded operating expenditures by \$17,843,000 for the fiscal year. Increases in sales and use tax, occupational taxes, and property taxes accounted for the majority of the increase.
- The City has one business-type activity, the Emergency Management Communications District (E911). Revenues are

generated through charges assessed for E911 services. Total revenues received were \$3,156,000 and expenditures were \$3,196,000, resulting in a net loss of \$40,000 for fiscal year 2007.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, similar to that presented by private sector businesses. The City's basic financial statements are comprised of the following:

### Government-wide Financial Statements

Government-wide financial statements provide the reader with both long-term and short-term information about the City's financial condition. Changes in the City's financial position may be measured over time by increases or decreases in net assets as shown on the Statement of Net Assets. The Statement of Activities shows how the City's net assets changed during the fiscal year. Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The business-type activity of the City is the Emergency Management Communications District (E911).

### Fund Financial Statements

Fund financial statements report the City's operations in more detail than what is presented in the government-wide financial statements. Fund financial statements include the statements for governmental, proprietary, and fiduciary funds.

### Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-

wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing needs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund, both of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of these non-major governmental funds is provided in the form of combining statements found on pages 23-24 of this report.

The City adopts an annually appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 23-24 of this report.

#### Proprietary funds

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains one type of proprietary fund, Emergency Management

Communications District (E911), which is in an enterprise fund used to report the same functions presented in business-type activities in the government-wide financial statements.

The proprietary fund financial statements provide separate information for the Emergency Management Communications District (E911), considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 27-29 of this report.

#### Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties external to the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 30-31 of this report.

#### Notes to the Financial Statements

Accompanying notes to the financial statements provide the reader with additional information that is essential to understanding the data provided in the government-wide and fund financial statements.

#### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 59-66 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information regarding pensions. Combining and individual fund statements and schedules can be found on pages 78-89 of this report.

The following table summarizes the major features of the basic financial statements of the City of Birmingham.

## Table of Financial Statements

### Fund Financial Statements

	Government-wide Financial Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds)	Activities of the City that are not proprietary or fiduciary	Activity of the City that operates similar to businesses	Activities for which the City acts as trustee for someone else's resources
Required financial statements	<ul style="list-style-type: none"> <li>•Statement of net assets</li> <li>•Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>•Balance sheet</li> <li>•Statement of revenues, expenditures, and changes in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>•Statement of net assets</li> <li>•Statement of revenues, expenses, and changes in net assets</li> <li>•Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>•Statement of fiduciary net assets</li> <li>•Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be liquidated and liabilities that come due during the year or soon thereafter; no capital assets nor long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	<ul style="list-style-type: none"> <li>•Revenues for which cash is received during or soon after the end of the year</li> <li>•Expenditures when goods or services have been received and payment is due during the year or soon thereafter</li> </ul>	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

**GOVERNMENT-WIDE                      CONDENSED  
FINANCIAL INFORMATION**

Net assets represent the difference between the City's total assets and its total liabilities. Changes in the net assets can be a useful measuring tool for governments to gauge their performance over time. The City's net assets that are invested in capital assets net of related debt reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other revenue sources, since the capital assets themselves cannot be liquidated to satisfy these liabilities.

The City's restricted net assets of approximately \$263 million are subject to bond and warrant covenants and by federal and state grant requirements. Overall the City's total net assets decreased by

approximately \$29 million in fiscal year 2007; this decrease shown on the full-accrual basis occurred mainly to the elimination of the new debt issue transactions shown on the modified accrual basis. For additional details on the reconciliation between the two basis, see page 24 of the report.

There was an increase in net assets of \$62,000 in the Emergency Management Communication District, Emergency Management Communication District, an enterprise fund, which is the City's sole business-type fund.. The increase was due to increased collections of surcharges for E-911 services from wireless phone providers and from landline providers. The main expenses of the District are payments to the City's general fund for reimbursement of personnel costs incurred in providing E-911 services to the citizens of Birmingham.

**Condensed Statement of Net Assets**

The following table presents a condensed statement of the City's net assets at June 30, 2007 and 2006:

**Table 2****CONDENSED STATEMENT OF NET ASSETS****June 30, 2007 and 2006****(in thousands)**

	Governmental Activities		Business-Type Activities		Totals	
	<u>06/30/07</u>	<u>06/30/06</u>	<u>06/30/07</u>	<u>06/30/06</u>	<u>06/30/07</u>	<u>06/30/06</u>
Current and other assets	\$583,708	501,557	177	(7)	583,885	501,550
Capital assets, net	<u>361,657</u>	<u>378,522</u>	<u>922</u>	<u>942</u>	<u>362,579</u>	<u>379,464</u>
Total assets	<u>945,365</u>	<u>880,079</u>	<u>1,099</u>	<u>935</u>	<u>946,464</u>	<u>881,014</u>
Current and other liabilities	63,574	63,637	103	1	63,638	63,638
Long-term liabilities	<u>627,688</u>	<u>533,159</u>	<u>0</u>	<u>0</u>	<u>533,159</u>	<u>533,159</u>
Total liabilities	<u>691,262</u>	<u>596,796</u>		<u>1</u>	<u>596,797</u>	<u>596,797</u>
Net assets:						
Invested in capital assets, net of related debt	26,551	53,708	922	942	27,473	54,650
Restricted	262,925	205,388			262,925	205,388
Unrestricted	<u>(35,373)</u>	<u>24,187</u>	<u>74</u>	<u>(8)</u>	<u>(35,299)</u>	<u>24,179</u>
Net assets	<u>\$254,103</u>	<u>283,283</u>	<u>996</u>	<u>934</u>	<u>255,099</u>	<u>284,217</u>

**TABLE 3**

**CONDENSED STATEMENT OF CHANGES IN NET ASSETS**  
**For Years Ended June 30, 2007 and 2006**  
(in thousands)

	Changes in Net Assets					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	<u>6/30/07</u>	<u>06/30/06</u>	<u>06/30/07</u>	<u>06/30/06</u>	<u>06/30/07</u>	<u>06/30/06</u>
REVENUES:						
Program revenues:						
Charges for services	\$85,899	80,491	3,156	2,998	89,055	83,489
Operating grants	18,606	8,221			18,606	8,221
General revenues:						
Sales and use tax	109,665	109,085			109,665	109,085
Occupational tax	75,269	72,297			75,269	72,297
Property tax	54,920	52,669			54,920	52,669
Unrestricted grants and contributions	23,853	19,585			23,853	19,585
Investment earnings	21,168	10,834	102	39	21,270	10,873
Other	12,736	10,189			12,736	10,189
Total revenues	<u>402,116</u>	<u>363,371</u>	<u>3,258</u>	<u>3,037</u>	<u>405,374</u>	<u>366,408</u>
EXPENSES:						
Program expenses:						
General government	106,000	122,163			106,000	122,163
Public safety	163,704	181,014	3,196	3,157	166,900	184,171
Streets and sanitation	95,381	68,749			95,381	68,749
Culture and recreation	42,222	38,547			42,222	38,547
Interest on long-term debt	23,989	22,414			23,989	22,414
Total expenses	<u>431,296</u>	<u>432,887</u>	<u>3,196</u>	<u>3,157</u>	<u>434,492</u>	<u>436,044</u>
Decrease in net assets	\$(29,180)	(69,516)	62	(120)	(29,118)	(69,636)
Beginning net assets	283,283	352,799	934	1,054	284,217	353,853
Ending net assets	<u>\$254,103</u>	<u>\$283,283</u>	<u>\$996</u>	<u>\$934</u>	<u>\$255,099</u>	<u>\$284,217</u>

As shown in this table, the City's revenues from its governmental activities increased by 11% from the prior fiscal year. The increase was the result of increases in sales and use taxes, occupational taxes, and property taxes.

Expenses decreased by .4% from the previous fiscal year as a result of not filling vacancies within various City departments.

The business-type activity of the City had a \$62,000 increase in net assets. Revenue received from charges for services increased by \$158,000 from prior fiscal year.

## FUND ANALYSIS

Changes in fund balance for the major governmental funds for the fiscal year ended June 30, 2007 are as follows:

**Table 4**

	Beginning Fund Balance	Increases (Decrease)	Ending Fund Balance
General Fund	\$77,973	\$ 17,843	\$95,816
Birmingham Fund	79,563	5,760	85,323
General Bond Debt Reserve	45,042	(2,615)	42,427
General Bond Debt Service	119	1,607	1,726
Total	\$202,697	\$ 22,595	\$225,292

### Governmental Funds

The focus of the City's governmental funds is to provide information regarding near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Fund balance of the General Fund increased due to an increase in sales and other taxes.

Other factors contributing to the increase in overall fund balance include:

- An increase in Capital Projects funds due to the City receiving proceeds from the issuance of

additional bond and warrant issues. These new issues were used to defease other outstanding issues as well as to provide new capital for specific projects.

- A decrease in the Special Projects fund due to continued construction costs for the schools in the Birmingham District.

The Statement of Revenues, Expenditures, and Changes in Fund Balances for Nonmajor Governmental Funds provides additional details for the changes in specific funds. This statement can be found on page 88.

### Budget Variances in the General Fund

During the fiscal year, revisions were made to the original budget adopted by the City due to changes in the projected revenues. Revenues exceeded the budgeted amounts in several categories. In additional revisions were made in the projected expenditures including additional appropriations.

### **CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY**

#### Capital Asset Activity

At June 30, 2007 the City of Birmingham reported \$361,657,000 in net capital assets, including its infrastructure, for governmental activities. The business-type activity reported \$922,000 in net capital assets. The notes to the financial statements on pages 47 & 48 report more information on capital assets including the changes that occurred during the fiscal year.

#### Long-term Debt Activity

At June 30, 2007, the City of Birmingham had \$602,845,000 total debt outstanding for its bonds and warrants payable; of this, \$577,125,000 is considered long-term. The notes to the financial statements on pages 50-54 include additional details for the City's long-term debt activity.

The City's bond ratings are AA, Aa3, and AA by Standard & Poor's Rating Service, Moody's Investors Service, Inc., and Fitch Investor's Service, L.P., respectively. The rating agencies cite the City's broad and diverse economy, including strong service, financial, and trade sectors as factors contributing to the strong rating. Noted also is the City's current policy of maintaining reserve balances equal to 15% of expenditures; currently, reserves equal approximately 26% of expenditures.

The notes to the financial statements contain more detailed information regarding the City's long-term debt and the changes that occurred. Please refer to them for additional information including the City's obligations for capitalized equipment leases, workmen's compensation claims, closure and post closure costs, and compensated absences. The City does not have any debt for its business-type activities.

### **ECONOMIC FACTORS AFFECTING THE CITY OF BIRMINGHAM AND THE 2008 BUDGET INFORMATION**

The City of Birmingham and other municipal governments are continually faced with the ongoing challenge of delivering quality service in an ever-changing economic environment. Sound fiscal management and consistent overall growth in revenue have enabled the City to meet its obligations, maintain quality service, and achieve budgeted revenue and expenditure projections.

The City's Fiscal Year 2008 Operating and Capital budgets were prepared in accordance with sound budget practices. We believe these estimates are reasonable and anticipate that actual revenues and expenditures for fiscal year 2008 will closely approximate budgeted amounts.

### **MITIGATING RISKS OF FRAUD**

The City of Birmingham is committed to maintaining a culture of honesty and integrity to ensure the safeguarding of its assets and proper presentation of its financial statements. To that end, the City will continue to employ and train competent personnel and evaluate the risks of fraud and implement processes, procedures and controls to mitigate risks and opportunities for fraud.

### **REQUEST FOR INFORMATION**

This financial report is designed to give a general overview of the City's finances. Questions concerning any of the information in this report may be sent to the Director of Finance, City of Birmingham, 710 North 20<sup>th</sup> Street, Suite A-100, Birmingham, AL, 35203.

# Basic Financial Statements

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City of Birmingham, Alabama  
Statement of Net Assets  
June 30, 2007  
(in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
CURRENT ASSETS				
Unrestricted Assets:				
Cash and investments	\$421,218	\$2,523	\$423,741	\$12,683
Cash with escrow agent	1,967		1,967	
Receivables:				
Accrued interest	1,432		1,432	
Accrued taxes receivable	22,151		22,151	
Accounts (net of uncollectibles)	7,845		7,845	1,328
Notes (net of uncollectibles)	330		330	
Lease obligations	90		90	
Loans	2,805		2,805	
Due from other governments	3,572		3,572	2,375
Special assessments	9,211		9,211	
Interfund balances	2,358	(2,358)	0	
Inventories	1,392		1,392	
Prepaid items	390	12	402	468
Due from component unit	588		588	
Other current assets	129		129	
Total unrestricted assets	475,478	177	475,655	16,854
Restricted assets:				
Cash and cash equivalents				11,798
Investments				2,772
Accounts and grants receivable				2,352
Accrued interest receivable				19
Total restricted assets				16,941
Total current assets	475,478	177	475,655	33,795
NONCURRENT ASSETS				
Other assets:				
Deferred charges	31,840		31,840	1,471
Due from other governments	76,390		76,390	
Total other assets	108,230		108,230	1,471
Capital assets:				
Land	137,065		137,065	110,259
Buildings and capital facilities	192,032	1,025	193,057	110,293
Furniture and other equipment	150,632	2,237	152,869	9,137
Accumulated depreciation	(210,843)	(2,340)	(213,183)	(61,471)
Infrastructure	190,892		190,892	118,759
Accumulated depreciation, infrastructure	(100,710)		(100,710)	(54,641)
Construction in progress	2,589		2,589	97,338
Net capital assets	361,657	922	362,579	329,674
Total noncurrent assets	469,887	922	470,809	331,145
TOTAL ASSETS	\$945,365	\$1,099	\$946,464	\$364,940

The accompanying notes are an integral part of these financial statements.

City of Birmingham, Alabama  
Statement of Net Assets  
June 30, 2007  
(in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
CURRENT LIABILITIES				
Payable from unrestricted assets:				
Accounts and vouchers payable	\$3,171	1	\$3,172	\$983
Contracts payable	3,288	102	3,390	
Contracts payable-retainage	523		523	
Accrued payroll and payroll taxes payable	11,512		11,512	167
Due to primary government				588
Estimated claims payable	3,523		3,523	
Other liabilities	8,350		8,350	
Interest payable	6,053		6,053	
Current maturities of long-term liabilities:				
Capitalized leases	419		419	90
Compensated absences	1,015		1,015	35
Notes payable				2,079
Bonds and warrants payable	25,720		25,720	
Total payable from unrestricted assets	63,574	103	63,677	3,942
Payable from restricted assets:				
Contracts payable				1,521
Accrued interest payable				1,644
Current portion of revenue bonds payable				3,345
Total payable from restricted assets				6,510
Total current liabilities	63,574	103	63,677	10,452
Long-term liabilities:				
Capitalized leases	1,271		1,271	
Compensated absences	12,952		12,952	546
Bonds and warrants payable, net	598,697		598,697	75,770
Closure and postclosure costs	7,568		7,568	
Workers' compensation claims payable	7,200		7,200	
Total long-term liabilities	627,688	0	627,688	76,316
TOTAL LIABILITIES	691,262	103	691,365	86,768
NET ASSETS				
Invested in capital assets, net of related debt	26,551	922	27,473	249,861
Restricted for:				
Restricted for debt service	45,611		45,611	9,987
Restricted for future projects	217,314		217,314	3,790
Unrestricted	(35,373)	74	(35,299)	14,534
TOTAL NET ASSETS	254,103	996	255,099	278,172
TOTAL LIABILITIES AND NET ASSETS	\$945,365	\$1,099	\$946,464	\$364,940

The accompanying notes are an integral part of these financial statements.

City of Birmingham, Alabama  
Statement of Activities  
For the Year Ended June 30, 2007  
(in thousands)

		Net (Expenses) Revenues and Changes in Net Assets					
		Program Revenues			Primary Government		
	Component Units	Operating		Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
		Charges for Services	Grants and Contributions				
Expenses							
\$ 106,000		\$ 65,349	\$ 18,606		(\$22,045)		(\$22,045)
163,704		17,327			(146,377)		(146,377)
95,381		1,971			(93,410)		(93,410)
42,222		1,252			(40,970)		(40,970)
23,989					(23,989)		(23,989)
431,296		85,899	18,606	0	(326,791)		(326,791)
3,196		3,156				(40)	(40)
3,196		3,156	0	0	0	(40)	(40)
\$434,492		\$89,055	\$18,606	\$0	(\$326,791)	(\$40)	(\$326,831)
32,578		29,203	17,706				14,331
4,712		4,777					65
\$37,290		\$33,980	\$0	\$17,706	\$0	\$0	\$14,396
General revenues:							
Sales and use tax					109,665		109,665
Occupational tax					75,269		75,269
Property tax					54,920		54,920
Grants and contributions not restricted to specific purposes					23,853		23,853
Unrestricted investment earnings					21,168	102	21,270
Other					12,736		12,736
Total general revenues					297,611	102	297,713
Change in net assets					(29,180)	62	(29,118)
Net assets at beginning of year					283,283	934	284,217
Net assets at end of year					\$254,103	\$996	\$255,099
							\$278,172

Functions:

Primary Government:

Governmental activities:

General government  
Public safety  
Streets and sanitation  
Culture and recreation  
Interest on long-term debt  
Total governmental activities

Business-type activities:

Emergency Management Communication District  
Total business-type activities  
Total primary government

Component Units:

Birmingham Airport Authority  
Birmingham Parking Authority  
Total component units

General revenues:

Sales and use tax  
Occupational tax  
Property tax  
Grants and contributions not restricted to specific purposes  
Unrestricted investment earnings  
Other  
Total general revenues  
Change in net assets  
Net assets at beginning of year  
Net assets at end of year

City of Birmingham, Alabama  
Balance Sheet  
Governmental Funds  
June 30, 2007  
(In thousands)

	General	Birmingham Fund	General Bond Debt Reserve	General Bond Debt Service	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$119,718	\$84,821	\$41,747	\$1,751	\$173,181	\$421,218
Cash with fiscal agent					1,967	1,967
Receivables:						
Accrued interest	499	508	335		90	1,432
Accrued taxes receivable	21,805		345		1	22,151
Accounts (net of uncollectibles)	7,481				364	7,845
Notes (net of uncollectibles)	330					330
Lease obligations	90					90
Loans					2,805	2,805
Due from other governments			79,795		167	79,962
Special assessments					9,211	9,211
Due from other funds	2,363				31,886	34,249
Due from component units	588					588
Inventories	1,392					1,392
Prepaid items	1,244					1,244
Other	76				53	129
<b>TOTAL ASSETS</b>	<b>\$155,586</b>	<b>\$85,329</b>	<b>\$122,222</b>	<b>\$1,751</b>	<b>\$219,725</b>	<b>\$584,613</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Accounts and vouchers payable	2,946			25	200	3,171
Contracts payable		6			3,282	3,288
Contracts payable-retainage					523	523
Accrued payroll and payroll taxes payable	11,435				77	11,512
Due to other funds	32,908				12	32,920
Deferred revenue	663		79,795		12,203	92,661
Estimated claims payable	3,523					3,523
Other liabilities	8,295				55	8,350
<b>TOTAL LIABILITIES</b>	<b>59,770</b>	<b>6</b>	<b>79,795</b>	<b>25</b>	<b>16,352</b>	<b>155,948</b>
<b>FUND BALANCES:</b>						
Reserved for encumbrances	9,204	260			9,966	19,430
Reserved for debt service			42,427	1,726	1,241	45,394
Reserved for prepaid items	1,244					1,244
Reserved for capital projects		85,063			166,470	251,533
Unreserved reported in:						
General fund	85,368					85,368
Special revenue funds					25,696	25,696
<b>TOTAL FUND BALANCES</b>	<b>95,816</b>	<b>85,323</b>	<b>42,427</b>	<b>1,726</b>	<b>203,373</b>	<b>428,665</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$155,586</b>	<b>\$85,329</b>	<b>\$122,222</b>	<b>\$1,751</b>	<b>\$219,725</b>	
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds						361,657
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds						(629,055)
Deferred revenues are not recognized until available in the funds						92,661
Interfund eliminations						1,028
Prepaid item not shown as expenditure						(853)
Net assets of governmental activities						<u>\$254,103</u>

The accompanying notes are an integral part of these financial statements.

City of Birmingham, Alabama  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2007  
(in thousands)

	General	Birmingham Fund	General Bond Debt Reserve	General Bond Debt Service	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Taxes	\$212,495		26,644		715	\$239,854
Licenses and permits	65,349					65,349
Intergovernmental	19,012				22,657	41,669
Charges for services	16,432					16,432
Fines and forfeitures	4,118					4,118
Investment income	4,381	9,029	2,491		5,267	21,168
Other operating revenues	4,572				5,362	9,934
<b>TOTAL REVENUES</b>	<b>326,359</b>	<b>9,029</b>	<b>29,135</b>	<b>0</b>	<b>34,001</b>	<b>398,524</b>
<b>EXPENDITURES:</b>						
Current:						
Public safety	148,485					148,485
Street and sanitation	62,569	127			1,663	64,359
Cultural and recreational	39,377	1,025			350	40,752
General government	47,723	2,117			52,964	102,804
Other				242		242
Total current operations	298,154	3,269	0	242	54,977	356,642
Debt service:						
Principal	1,495			17,885	5,538	24,918
Interest	5,441			12,016	3,051	20,508
Total debt service	6,936			29,901	8,589	45,426
Capital outlays					34,641	34,641
Debt issuance costs					11,772	11,772
<b>TOTAL EXPENDITURES</b>	<b>305,090</b>	<b>3,269</b>	<b>0</b>	<b>30,143</b>	<b>109,979</b>	<b>448,481</b>
Excess (deficiency) of revenues over (under) expenditures	21,269	5,760	29,135	(30,143)	(75,978)	(49,957)
Other financing sources (uses):						
Proceeds from sale of property	4,634					4,634
Issuance of debt					316,880	316,880
Premiums/discounts on debt issuance					12,300	12,300
Payment to escrow agent					(214,267)	(214,267)
Transfers in	11			31,750	8,798	40,559
Transfers out	(8,071)		(31,750)		(738)	(40,559)
Net other financing sources (uses)	(3,426)	0	(31,750)	31,750	122,973	119,547
Net change in fund balances	17,843	5,760	(2,615)	1,607	46,995	69,590
Fund balances, beginning of year	77,973	79,563	45,042	119	156,378	359,075
Fund balances, end of year	\$95,816	\$85,323	\$42,427	\$1,726	\$203,373	\$428,665

The accompanying notes are an integral part of these financial statements.

City of Birmingham, Alabama  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 2007  
(in thousands)

Net change, increase, in fund balances - total governmental funds \$ 69,590

Governmental funds report capital outlays as expenditures. In the statement of activities, however, these costs are allocated over their estimated useful lives and reported as depreciation expense:

Reclassify new additions to general fixed assets	5,231	
Reclassify changes to infrastructure	(5,429)	
Depreciation on general fixed assets	(10,482)	
Depreciation on infrastructure	<u>(5,812)</u>	(16,492)

The issuance of long-term debt provides current resources to governmental funds and the repayment of the principal of long-term debt uses current financial resources of governmental funds. These transactions have no effect on net assets:

Proceeds from debt issuances	(329,180)	
Payment of principal on general obligation debt	24,171	
Payment on capital leases	405	
Payments to escrow agent	214,192	
Issuance costs of general obligation debt	<u>11,772</u>	(78,640)

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:

Change in compensated absences	34	
Change in closure and postclosure costs	(297)	
Amortization of deferred charges	(422)	
Change in arbitrage rebate liability	27	
Change in interest payable	<u>(2,193)</u>	(2,851)

Revenue not recognized until future years		3,245
Revenue recognized in a prior year		(3,915)
Elimination of interfund receivable		256
Loss on disposal of fixed assets		<u>(373)</u>

Change, decrease, in net assets of governmental activities (\$29,180)

The accompanying notes are an integral part of these financial statements.

**City of Birmingham, Alabama  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2007**

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**December 21, 2007**

**To the Honorable Larry P. Langford, Mayor,  
City Council Members,  
Citizens of the City of Birmingham**

**The Comprehensive Annual Financial Report (the CAFR) for the City of Birmingham's fiscal year ended June 30, 2007, is hereby submitted. This CAFR is the official comprehensive publication of the City's financial position at June 30, 2007. The City is responsible for both the accuracy of the data and the completeness and fairness of the presentation including all disclosures. To the best of our knowledge and belief, the enclosed CAFR is accurate in all material respects and all statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities have been included.**

### **CITY PROFILE**

**The City of Birmingham was incorporated in 1871 and is centrally located in the State of Alabama at the foothills of the Appalachian Mountains. The City is approximately 151 square miles in area with an estimated population of 242,820.**

**The City operates under a mayor-council form of government. There are nine council members representing separate districts of the City. The Mayor is elected at large and serves four-year terms; the Council is elected by district and also serve four-year terms.**

**The City of Birmingham provides a wide range of services to its citizens including the following:**

- Police and fire protection**
- Sanitation services**
- Construction and maintenance of highways, streets, and infrastructure**
- Recreational activities**
- Cultural events**
- Libraries and museums**

## **REPORTING ENTITY**

**This CAFR includes all funds of the City of Birmingham. Also included are the funds of two separate legal entities, the Birmingham Airport Authority and the Birmingham Parking Authority. They are included because the City is financially accountable for their activities.**

## **ECONOMIC CONDITIONS AND OUTLOOK**

**The City of Birmingham serves as the economic center for the metropolitan area and has a diverse economy which continues to show signs of increased economic activity as evidenced by several economic development projects that are planned and underway. The projects are expected to increase revenue and provide jobs which will continue to lower unemployment, currently below the national median. The City of Birmingham continues to be strengthened by the University of Alabama Medical Center, the City's largest employer with approximately 19,000 jobs. The City has a strong banking presence. This sector includes Regions Bank, which recently acquired AmSouth Bancorp. The merger is expected to add approximately 400 jobs in the metropolitan area with a significant number being added to locations within the City. An expansion of \$75 million to the University of Alabama at Birmingham Hospital and Women's and Children Center along with a \$150 million expansion project underway at St. Vincent's Hospital are indicators of the growth, importance and long term commitment to the healthcare sector in the City.**

**The City is committed to stimulating economic growth and has played a significant role in the development of several projects designed to increase revenue. An example is the most recent opening of the new Eastwood Mall retail center, anchored by a Wal-Mart Supercenter, which is a new addition to the City. The new shopping center includes other national retail stores and restaurants. The shopping center is expected to generate approximately \$2.4 million in new revenue annually. In addition to the retail sector, the City continues to experience an increase in housing development and park improvements. Several single family housing and apartment developments are underway. Park improvements are highlighted by the development of the \$50 million Rail Road Reservation Park which is designed to connect the City's downtown with its bustling south side. Also, plans are underway to provide additional resources and re-invigorate efforts to redevelop many of the City's historic neighborhood business districts.**

## **FUTURE INITIATIVES**

**The City of Birmingham recently increased its sales and use tax and business license fee rates. Revenue derived from the rate increases will be used to fund the City's Economic and Community Revitalization Plan (the Plan). The Plan is an**

initiative developed by the Mayor and adopted by the City Council. The purpose of the Plan is to provide funding for the following key initiatives:

- Creation of a scholarship program for City of Birmingham students
- Economic development to attract new businesses and to retain and expand existing companies
- Improve transit in the City of Birmingham
- Fund a multi-purpose convention and entertainment center
- Neighborhood revitalization through capital improvements
- Improvements and enhancements in public safety

These strategic initiatives have been vigorously embraced by the City's leadership and have been identified as being vital in helping to stimulate growth and ensure the long term economic health of the City.

### **OTHER FINANCIAL INFORMATION**

The City's management is responsible for the establishment and maintenance of accounting and other internal controls to ensure compliance with applicable laws and City policies, that assets are safeguarded, and that financial transactions are properly recorded and documented to provide reliable information for the preparation of the City's financial statements in accordance with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Section 3.18 of the Mayor-Council Act requires an independent audit of the financial records by a certified public accounting firm. The City's financial statements for June 30, 2007, have been audited by Banks, Finley, White & Company, Certified Public Accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Birmingham's financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this CAFR.

The independent audit of the financial statements of the City was part of a broader federal and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on the administration of federal and state awards. The Single Audit is available upon request.

Included in this report is a narrative MD&A that provides an overview and analysis of the City's financial performance. This letter of transmittal is designed to supplement the MD&A and should be read in conjunction with it. The City's MD&A is located immediately following the auditor's report.

## **ACHIEVEMENTS**

The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Birmingham for its CAFR for the fiscal year ended June 30, 2006.

The Certificate of Achievement is a prestigious national award presented to state and local governments for publishing an easily readable and efficiently organized CAFR whose contents conform to program standards and complies with generally accepted accounting principles and applicable legal requirements. The Certificate is valid for a period of one year.

The City of Birmingham has received the Certificate for the last 30 consecutive years. We believe our current CAFR continues to conform to Certificate of Achievement program requirements, and we are submitting it to GFOA for consideration.

Additionally, the City's budget report for fiscal year beginning July 1, 2006, was awarded the Government Finance Officer's Association Award for Distinguished Budget Presentation. In order to receive this award, a governmental unit must publish a document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The City believes its current budget report also meets the above criteria, and we have submitted it to the GFOA for consideration.

## **ACKNOWLEDGMENT**

Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the staff of the Finance Department. I would also like to thank the Mayor, Council, and other department heads for their cooperation in the development of this financial report.

Respectfully submitted,

Steve F. Sayler  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Birmingham  
Alabama

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



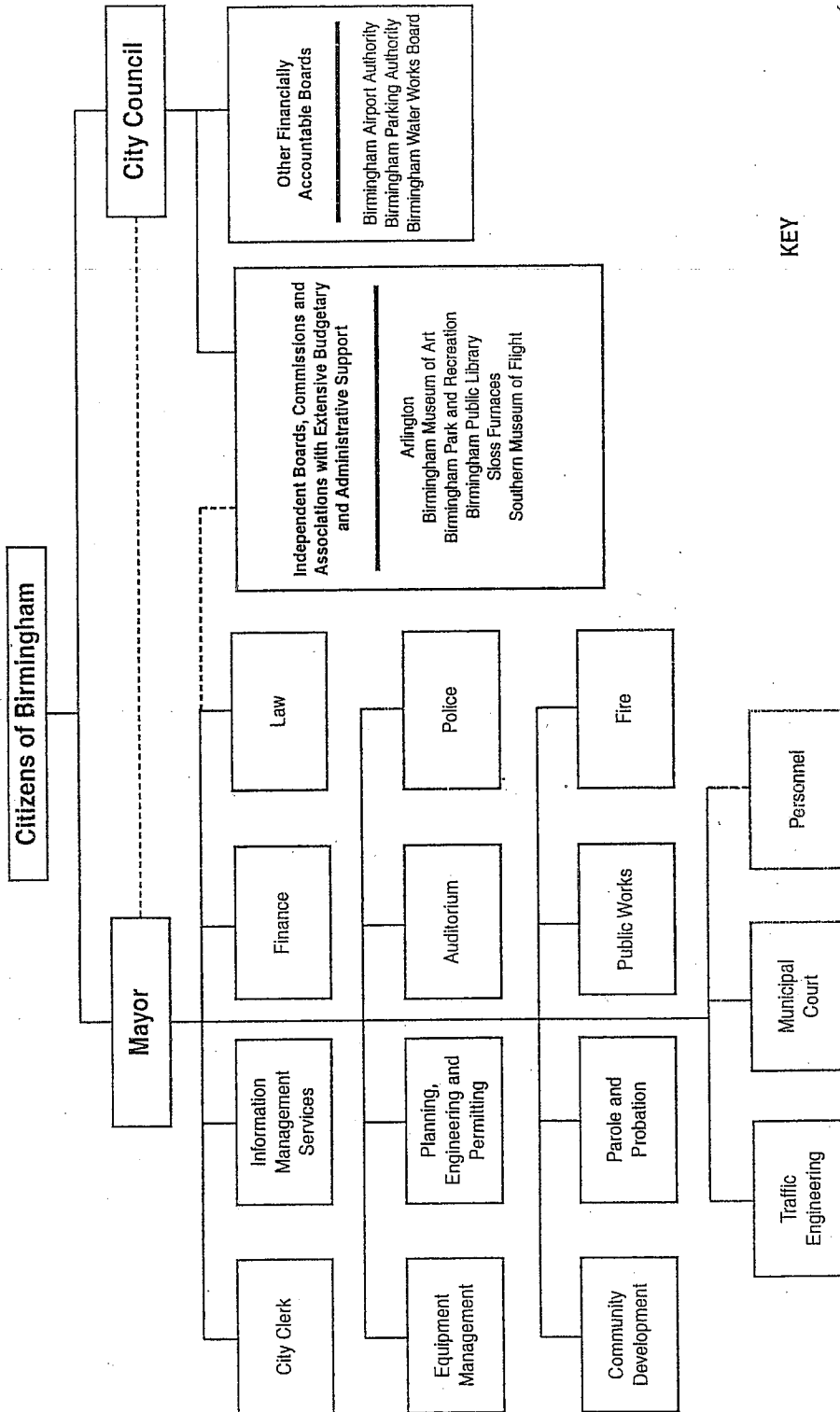
*Charles S. Cox*

President

*Jeffrey R. Emer*

Executive Director

# City of Birmingham, Alabama Organization Chart



## KEY

— Indicates appointive authority and management oversight

- - - Indicates administrative and budgetary support only

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
of the City of Birmingham, Alabama

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Birmingham, Alabama ("the City") as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Birmingham Parking Authority, which represent 3.06 percent, 2.90 percent, and 8.78 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Birmingham Parking Authority, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



To the Honorable Mayor and  
Members of the City Council  
of the City of Birmingham, Alabama  
Page 2

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2007, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 11 through 18 and 68 through 75, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

December 21, 2007

*Paula, Finley White & Co.*

# MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Birmingham, Alabama (City), we invite our readers to review this overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2007 (fiscal year 2007). Its purpose is to provide an introduction and overview readers should use to interpret and analyze the City's basic financial statements and financial activities based upon currently known facts, decisions and conditions. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report and the City's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- The City's net assets were \$254,103,000 for governmental activities and \$996,000 for business-type activities at June 30, 2007. This reflects a decrease in governmental activities' net assets of \$29,180,000, or 10.3% from fiscal year 2006.
- During fiscal year 2007, the City received \$402,116,000 in taxes and other revenues, which represents an increase of \$38,735,000 from fiscal year 2006. Additional funds from operating grants and investment income accounted for the majority of this increase.
- Total expenditures for the year were \$431,296,000, which represent a decrease of \$1,591,000 (.4%) from fiscal year 2006. Decreases in expenditures resulted mainly from unfilled vacant positions.
- General fund operating revenues exceeded operating expenditures by \$17,843,000 for the fiscal year. Increases in sales and use tax, occupational taxes, and property taxes accounted for the majority of the increase.
- The City has one business-type activity, the Emergency Management Communications District (E911). Revenues are

generated through charges assessed for E911 services. Total revenues received were \$3,156,000 and expenditures were \$3,196,000, resulting in a net loss of \$40,000 for fiscal year 2007.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, similar to that presented by private sector businesses. The City's basic financial statements are comprised of the following:

### Government-wide Financial Statements

Government-wide financial statements provide the reader with both long-term and short-term information about the City's financial condition. Changes in the City's financial position may be measured over time by increases or decreases in net assets as shown on the Statement of Net Assets. The Statement of Activities shows how the City's net assets changed during the fiscal year. Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The business-type activity of the City is the Emergency Management Communications District (E911).

### Fund Financial Statements

Fund financial statements report the City's operations in more detail than what is presented in the government-wide financial statements. Fund financial statements include the statements for governmental, proprietary, and fiduciary funds.

### Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-

wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing needs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund, both of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of these non-major governmental funds is provided in the form of combining statements found on pages 23-24 of this report.

The City adopts an annually appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 23-24 of this report.

#### Proprietary funds

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains one type of proprietary fund, Emergency Management

Communications District (E911), which is in an enterprise fund used to report the same functions presented in business-type activities in the government-wide financial statements.

The proprietary fund financial statements provide separate information for the Emergency Management Communications District (E911), considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 27-29 of this report.

#### Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties external to the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 30-31 of this report.

#### Notes to the Financial Statements

Accompanying notes to the financial statements provide the reader with additional information that is essential to understanding the data provided in the government-wide and fund financial statements.

#### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 59-66 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information regarding pensions. Combining and individual fund statements and schedules can be found on pages 78-89 of this report.

The following table summarizes the major features of the basic financial statements of the City of Birmingham.

## Table of Financial Statements

### Fund Financial Statements

	<b>Government-wide Financial Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire City government (except fiduciary funds)	Activities of the City that are not proprietary or fiduciary	Activity of the City that operates similar to businesses	Activities for which the City acts as trustee for someone else's resources
Required financial statements	<ul style="list-style-type: none"> <li>•Statement of net assets</li> <li>•Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>•Balance sheet</li> <li>•Statement of revenues, expenditures, and changes in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>•Statement of net assets</li> <li>•Statement of revenues, expenses, and changes in net assets</li> <li>•Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>•Statement of fiduciary net assets</li> <li>•Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be liquidated and liabilities that come due during the year or soon thereafter; no capital assets nor long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	<ul style="list-style-type: none"> <li>•Revenues for which cash is received during or soon after the end of the year</li> <li>•Expenditures when goods or services have been received and payment is due during the year or soon thereafter</li> </ul>	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

**GOVERNMENT-WIDE                      CONDENSED  
FINANCIAL INFORMATION**

Net assets represent the difference between the City's total assets and its total liabilities. Changes in the net assets can be a useful measuring tool for governments to gauge their performance over time. The City's net assets that are invested in capital assets net of related debt reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other revenue sources, since the capital assets themselves cannot be liquidated to satisfy these liabilities.

The City's restricted net assets of approximately \$263 million are subject to bond and warrant covenants and by federal and state grant requirements. Overall the City's total net assets decreased by

approximately \$29 million in fiscal year 2007; this decrease shown on the full-accrual basis occurred mainly to the elimination of the new debt issue transactions shown on the modified accrual basis. For additional details on the reconciliation between the two basis, see page 24 of the report.

There was an increase in net assets of \$62,000 in the Emergency Management Communication District, Emergency Management Communication District, an enterprise fund, which is the City's sole business-type fund.. The increase was due to increased collections of surcharges for E-911 services from wireless phone providers and from landline providers. The main expenses of the District are payments to the City's general fund for reimbursement of personnel costs incurred in providing E-911 services to the citizens of Birmingham.

**Condensed Statement of Net Assets**

The following table presents a condensed statement of the City's net assets at June 30, 2007 and 2006:

**Table 2****CONDENSED STATEMENT OF NET ASSETS****June 30, 2007 and 2006****(in thousands)**

	Governmental Activities		Business-Type Activities		Totals	
	<u>06/30/07</u>	<u>06/30/06</u>	<u>06/30/07</u>	<u>06/30/06</u>	<u>06/30/07</u>	<u>06/30/06</u>
Current and other assets	\$583,708	501,557	177	(7)	583,885	501,550
Capital assets, net	<u>361,657</u>	<u>378,522</u>	<u>922</u>	<u>942</u>	<u>362,579</u>	<u>379,464</u>
Total assets	<u>945,365</u>	<u>880,079</u>	<u>1,099</u>	<u>935</u>	<u>946,464</u>	<u>881,014</u>
Current and other liabilities	63,574	63,637	103	1	63,638	63,638
Long-term liabilities	<u>627,688</u>	<u>533,159</u>	<u>0</u>	<u>0</u>	<u>533,159</u>	<u>533,159</u>
Total liabilities	<u>691,262</u>	<u>596,796</u>		<u>1</u>	<u>596,797</u>	<u>596,797</u>
Net assets:						
Invested in capital assets, net of related debt	26,551	53,708	922	942	27,473	54,650
Restricted	262,925	205,388			262,925	205,388
Unrestricted	<u>(35,373)</u>	<u>24,187</u>	<u>74</u>	<u>(8)</u>	<u>(35,299)</u>	<u>24,179</u>
Net assets	<u>\$254,103</u>	<u>283,283</u>	<u>996</u>	<u>934</u>	<u>255,099</u>	<u>284,217</u>

**TABLE 3**

**CONDENSED STATEMENT OF CHANGES IN NET ASSETS**  
**For Years Ended June 30, 2007 and 2006**  
**(in thousands)**

**Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Totals	
	<u>6/30/07</u>	<u>06/30/06</u>	<u>06/30/07</u>	<u>06/30/06</u>	<u>06/30/07</u>	<u>06/30/06</u>
REVENUES:						
Program revenues:						
Charges for services	\$85,899	80,491	3,156	2,998	89,055	83,489
Operating grants	18,606	8,221			18,606	8,221
General revenues:						
Sales and use tax	109,665	109,085			109,665	109,085
Occupational tax	75,269	72,297			75,269	72,297
Property tax	54,920	52,669			54,920	52,669
Unrestricted grants and contributions	23,853	19,585			23,853	19,585
Investment earnings	21,168	10,834	102	39	21,270	10,873
Other	<u>12,736</u>	<u>10,189</u>			<u>12,736</u>	<u>10,189</u>
Total revenues	<u>402,116</u>	<u>363,371</u>	<u>3,258</u>	<u>3,037</u>	<u>405,374</u>	<u>366,408</u>
EXPENSES:						
Program expenses:						
General government	106,000	122,163			106,000	122,163
Public safety	163,704	181,014	3,196	3,157	166,900	184,171
Streets and sanitation	95,381	68,749			95,381	68,749
Culture and recreation	42,222	38,547			42,222	38,547
Interest on long-term debt	<u>23,989</u>	<u>22,414</u>			<u>23,989</u>	<u>22,414</u>
Total expenses	<u>431,296</u>	<u>432,887</u>	<u>3,196</u>	<u>3,157</u>	<u>434,492</u>	<u>436,044</u>
Decrease in net assets	\$(29,180)	(69,516)	62	(120)	(29,118)	(69,636)
Beginning net assets	<u>283,283</u>	<u>352,799</u>	<u>934</u>	<u>1,054</u>	<u>284,217</u>	<u>353,853</u>
Ending net assets	<u>\$254,103</u>	<u>\$283,283</u>	<u>\$996</u>	<u>\$934</u>	<u>\$255,099</u>	<u>\$284,217</u>

As shown in this table, the City's revenues from its governmental activities increased by 11% from the prior fiscal year. The increase was the result of increases in sales and use taxes, occupational taxes, and property taxes.

Expenses decreased by .4% from the previous fiscal year as a result of not filling vacancies within various City departments.

The business-type activity of the City had a \$62,000 increase in net assets. Revenue received from charges for services increased by \$158,000 from prior fiscal year.

## FUND ANALYSIS

Changes in fund balance for the major governmental funds for the fiscal year ended June 30, 2007 are as follows:

**Table 4**

	Beginning Fund <u>Balance</u>	Increases (Decrease)	Ending Fund <u>Balance</u>
General Fund	\$77,973	\$ 17,843	\$95,816
Birmingham Fund	79,563	5,760	85,323
General Bond Debt Reserve	45,042	(2,615)	42,427
General Bond Debt Service	119	1,607	1,726
Total	<u>\$202,697</u>	<u>\$ 22,595</u>	<u>\$225,292</u>

### Governmental Funds

The focus of the City's governmental funds is to provide information regarding near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Fund balance of the General Fund increased due to an increase in sales and other taxes.

Other factors contributing to the increase in overall fund balance include:

- An increase in Capital Projects funds due to the City receiving proceeds from the issuance of

additional bond and warrant issues. These new issues were used to defease other outstanding issues as well as to provide new capital for specific projects.

- A decrease in the Special Projects fund due to continued construction costs for the schools in the Birmingham District.

The Statement of Revenues, Expenditures, and Changes in Fund Balances for Nonmajor Governmental Funds provides additional details for the changes in specific funds. This statement can be found on page 88.

### Budget Variances in the General Fund

During the fiscal year, revisions were made to the original budget adopted by the City due to changes in the projected revenues. Revenues exceeded the budgeted amounts in several categories. In additional revisions were made in the projected expenditures including additional appropriations.

### **CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY**

#### Capital Asset Activity

At June 30, 2007 the City of Birmingham reported \$361,657,000 in net capital assets, including its infrastructure, for governmental activities. The business-type activity reported \$922,000 in net capital assets. The notes to the financial statements on pages 47 & 48 report more information on capital assets including the changes that occurred during the fiscal year.

#### Long-term Debt Activity

At June 30, 2007, the City of Birmingham had \$602,845,000 total debt outstanding for its bonds and warrants payable; of this, \$577,125,000 is considered long-term. The notes to the financial statements on pages 50-54 include additional details for the City's long-term debt activity.

The City's bond ratings are AA, Aa3, and AA by Standard & Poor's Rating Service, Moody's Investors Service, Inc., and Fitch Investor's Service, L.P., respectively. The rating agencies cite the City's broad and diverse economy, including strong service, financial, and trade sectors as factors contributing to the strong rating. Noted also is the City's current policy of maintaining reserve balances equal to 15% of expenditures; currently, reserves equal approximately 26% of expenditures.

The notes to the financial statements contain more detailed information regarding the City's long-term debt and the changes that occurred. Please refer to them for additional information including the City's obligations for capitalized equipment leases, workmen's compensation claims, closure and post closure costs, and compensated absences. The City does not have any debt for its business-type activities.

### **ECONOMIC FACTORS AFFECTING THE CITY OF BIRMINGHAM AND THE 2008 BUDGET INFORMATION**

The City of Birmingham and other municipal governments are continually faced with the ongoing challenge of delivering quality service in an ever-changing economic environment. Sound fiscal management and consistent overall growth in revenue have enabled the City to meet its obligations, maintain quality service, and achieve budgeted revenue and expenditure projections.

The City's Fiscal Year 2008 Operating and Capital budgets were prepared in accordance with sound budget practices. We believe these estimates are reasonable and anticipate that actual revenues and expenditures for fiscal year 2008 will closely approximate budgeted amounts.

### **MITIGATING RISKS OF FRAUD**

The City of Birmingham is committed to maintaining a culture of honesty and integrity to ensure the safeguarding of its assets and proper presentation of its financial statements. To that end, the City will continue to employ and train competent personnel and evaluate the risks of fraud and implement processes, procedures and controls to mitigate risks and opportunities for fraud.

### **REQUEST FOR INFORMATION**

This financial report is designed to give a general overview of the City's finances. Questions concerning any of the information in this report may be sent to the Director of Finance, City of Birmingham, 710 North 20<sup>th</sup> Street, Suite A-100, Birmingham, AL, 35203.

City of Birmingham, Alabama  
Statement of Net Assets  
June 30, 2007  
(in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
CURRENT ASSETS				
Unrestricted Assets:				
Cash and investments	\$421,218	\$2,523	\$423,741	\$12,683
Cash with escrow agent	1,967		1,967	
Receivables:				
Accrued interest	1,432		1,432	
Accrued taxes receivable	22,151		22,151	
Accounts (net of uncollectibles)	7,845		7,845	1,328
Notes (net of uncollectibles)	330		330	
Lease obligations	90		90	
Loans	2,805		2,805	
Due from other governments	3,572		3,572	2,375
Special assessments	9,211		9,211	
Interfund balances	2,358	(2,358)	0	
Inventories	1,392		1,392	
Prepaid items	390	12	402	468
Due from component unit	588		588	
Other current assets	129		129	
Total unrestricted assets	475,478	177	475,655	16,854
Restricted assets:				
Cash and cash equivalents				11,798
Investments				2,772
Accounts and grants receivable				2,352
Accrued interest receivable				19
Total restricted assets				16,941
Total current assets	475,478	177	475,655	33,795
NONCURRENT ASSETS				
Other assets:				
Deferred charges	31,840		31,840	1,471
Due from other governments	76,390		76,390	
Total other assets	108,230		108,230	1,471
Capital assets:				
Land	137,065		137,065	110,259
Buildings and capital facilities	192,032	1,025	193,057	110,293
Furniture and other equipment	150,632	2,237	152,869	9,137
Accumulated depreciation	(210,843)	(2,340)	(213,183)	(61,471)
Infrastructure	190,892		190,892	118,759
Accumulated depreciation, infrastructure	(100,710)		(100,710)	(54,641)
Construction in progress	2,589		2,589	97,338
Net capital assets	361,657	922	362,579	329,674
Total noncurrent assets	469,887	922	470,809	331,145
TOTAL ASSETS	\$945,365	\$1,099	\$946,464	\$364,940

The accompanying notes are an integral part of these financial statements.

City of Birmingham, Alabama  
Statement of Net Assets  
June 30, 2007  
(in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
CURRENT LIABILITIES				
Payable from unrestricted assets:				
Accounts and vouchers payable	\$3,171	1	\$3,172	\$983
Contracts payable	3,288	102	3,390	
Contracts payable-retainage	523		523	
Accrued payroll and payroll taxes payable	11,512		11,512	167
Due to primary government				588
Estimated claims payable	3,523		3,523	
Other liabilities	8,350		8,350	
Interest payable	6,053		6,053	
Current maturities of long-term liabilities:				
Capitalized leases	419		419	90
Compensated absences	1,015		1,015	35
Notes payable				2,079
Bonds and warrants payable	25,720		25,720	
Total payable from unrestricted assets	63,574	103	63,677	3,942
Payable from restricted assets:				
Contracts payable				1,521
Accrued interest payable				1,644
Current portion of revenue bonds payable				3,345
Total payable from restricted assets				6,510
Total current liabilities	63,574	103	63,677	10,452
Long-term liabilities:				
Capitalized leases	1,271		1,271	
Compensated absences	12,952		12,952	546
Bonds and warrants payable, net	598,697		598,697	75,770
Closure and postclosure costs	7,568		7,568	
Workers' compensation claims payable	7,200		7,200	
Total long-term liabilities	627,688	0	627,688	76,316
TOTAL LIABILITIES	691,262	103	691,365	86,768
NET ASSETS				
Invested in capital assets, net of related debt	26,551	922	27,473	249,861
Restricted for:				
Restricted for debt service	45,611		45,611	9,987
Restricted for future projects	217,314		217,314	3,790
Unrestricted	(35,373)	74	(35,299)	14,534
TOTAL NET ASSETS	254,103	996	255,099	278,172
TOTAL LIABILITIES AND NET ASSETS	\$945,365	\$1,099	\$946,464	\$364,940

The accompanying notes are an integral part of these financial statements.

City of Birmingham, Alabama  
Statement of Activities  
For the Year Ended June 30, 2007  
(in thousands)

					Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Program Revenues		Governmental Activities	Primary Government		Component Units
		Charges for Services	Operating Grants and Contributions		Business-type Activities	Total	
Functions:							
Primary Government:							
Governmental activities:							
General government	\$ 106,000	\$ 65,349	\$ 18,606	(\$22,045)		(\$22,045)	
Public safety	163,704	17,327		(146,377)		(146,377)	
Streets and sanitation	95,381	1,971		(93,410)		(93,410)	
Culture and recreation	42,222	1,252		(40,970)		(40,970)	
Interest on long-term debt	23,989			(23,989)		(23,989)	
Total governmental activities	431,296	85,899	18,606	(326,791)		(326,791)	
Business-type activities:							
Emergency Management Communication District	3,196	3,156			(40)	(40)	
Total business-type activities	3,196	3,156	0	0	(40)	(40)	
Total primary government	\$434,492	\$89,055	\$18,606	(\$326,791)	(\$40)	(\$326,831)	
Component Units:							
Birmingham Airport Authority	32,578	29,203		17,706			14,331
Birmingham Parking Authority	4,712	4,777					65
Total component units	\$37,290	\$33,980	\$0	\$17,706	\$0	\$0	\$14,396
General revenues:							
Sales and use tax				109,665		109,665	
Occupational tax				75,269		75,269	
Property tax				54,920		54,920	
Grants and contributions not restricted to specific purposes				23,853		23,853	1,029
Unrestricted investment earnings				21,168	102	21,270	
Other				12,736		12,736	4,555
Total general revenues				297,611	102	297,713	5,584
Change in net assets				(29,180)	62	(29,118)	19,980
Net assets at beginning of year				283,283	934	284,217	258,192
Net assets at end of year				\$254,103	\$996	\$255,099	\$278,172

The accompanying notes are an integral part of these financial statements.

City of Birmingham, Alabama  
Balance Sheet  
Governmental Funds  
June 30, 2007  
(in thousands)

	General	Birmingham Fund	General Bond Debt Reserve	General Bond Debt Service	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$119,718	\$84,821	\$41,747	\$1,751	\$173,181	\$421,218
Cash with fiscal agent					1,967	1,967
Receivables:						
Accrued interest	499	508	335		90	1,432
Accrued taxes receivable	21,805		345		1	22,151
Accounts (net of uncollectibles)	7,481				364	7,845
Notes (net of uncollectibles)	330					330
Lease obligations	90					90
Loans					2,805	2,805
Due from other governments			79,795		167	79,962
Special assessments					9,211	9,211
Due from other funds	2,363				31,886	34,249
Due from component units	588					588
Inventories	1,392					1,392
Prepaid items	1,244					1,244
Other	76				53	129
<b>TOTAL ASSETS</b>	<b>\$155,586</b>	<b>\$85,329</b>	<b>\$122,222</b>	<b>\$1,751</b>	<b>\$219,725</b>	<b>\$584,613</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Accounts and vouchers payable	2,946			25	200	3,171
Contracts payable		6			3,282	3,288
Contracts payable-retainage					523	523
Accrued payroll and payroll taxes payable	11,435				77	11,512
Due to other funds	32,908				12	32,920
Deferred revenue	663		79,795		12,203	92,661
Estimated claims payable	3,523					3,523
Other liabilities	8,295				55	8,350
<b>TOTAL LIABILITIES</b>	<b>59,770</b>	<b>6</b>	<b>79,795</b>	<b>25</b>	<b>16,352</b>	<b>155,948</b>
<b>FUND BALANCES:</b>						
Reserved for encumbrances	9,204	260			9,966	19,430
Reserved for debt service			42,427	1,726	1,241	45,394
Reserved for prepaid items	1,244					1,244
Reserved for capital projects		85,063			166,470	251,533
Unreserved reported in:						
General fund	85,368					85,368
Special revenue funds					25,696	25,696
<b>TOTAL FUND BALANCES</b>	<b>95,816</b>	<b>85,323</b>	<b>42,427</b>	<b>1,726</b>	<b>203,373</b>	<b>428,665</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$155,586</b>	<b>\$85,329</b>	<b>\$122,222</b>	<b>\$1,751</b>	<b>\$219,725</b>	
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds						361,657
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds						(629,055)
Deferred revenues are not recognized until available in the funds						92,661
Interfund eliminations						1,028
Prepaid item not shown as expenditure						(853)
<b>Net assets of governmental activities</b>						<b>\$254,103</b>

The accompanying notes are an integral part of these financial statements.

City of Birmingham, Alabama  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2007  
(in thousands)

	General	Birmingham Fund	General Bond Debt Reserve	General Bond Debt Service	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Taxes	\$212,495		26,644		715	\$239,854
Licenses and permits	65,349					65,349
Intergovernmental	19,012				22,657	41,669
Charges for services	16,432					16,432
Fines and forfeitures	4,118					4,118
Investment income	4,381	9,029	2,491		5,267	21,168
Other operating revenues	4,572				5,362	9,934
<b>TOTAL REVENUES</b>	<b>326,359</b>	<b>9,029</b>	<b>29,135</b>	<b>0</b>	<b>34,001</b>	<b>398,524</b>
<b>EXPENDITURES:</b>						
Current:						
Public safety	148,485					148,485
Street and sanitation	62,569	127			1,663	64,359
Cultural and recreational	39,377	1,025			350	40,752
General government	47,723	2,117			52,964	102,804
Other				242		242
Total current operations	298,154	3,269	0	242	54,977	356,642
Debt service:						
Principal	1,495			17,885	5,538	24,918
Interest	5,441			12,016	3,051	20,508
Total debt service	6,936			29,901	8,589	45,426
Capital outlays					34,641	34,641
Debt issuance costs					11,772	11,772
<b>TOTAL EXPENDITURES</b>	<b>305,090</b>	<b>3,269</b>	<b>0</b>	<b>30,143</b>	<b>109,979</b>	<b>448,481</b>
Excess (deficiency) of revenues over (under) expenditures	21,269	5,760	29,135	(30,143)	(75,978)	(49,957)
Other financing sources (uses):						
Proceeds from sale of property	4,634					4,634
Issuance of debt					316,880	316,880
Premiums/discounts on debt issuance					12,300	12,300
Payment to escrow agent					(214,267)	(214,267)
Transfers in	11			31,750	8,798	40,559
Transfers out	(8,071)		(31,750)		(738)	(40,559)
Net other financing sources (uses)	(3,426)	0	(31,750)	31,750	122,973	119,547
Net change in fund balances	17,843	5,760	(2,615)	1,607	46,995	69,590
Fund balances, beginning of year	77,973	79,563	45,042	119	156,378	359,075
Fund balances, end of year	\$95,816	\$85,323	\$42,427	\$1,726	\$203,373	\$428,665

The accompanying notes are an integral part of these financial statements.

City of Birmingham, Alabama  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 2007  
(in thousands)

Net change, increase, in fund balances - total governmental funds		\$ 69,590
Governmental funds report capital outlays as expenditures. In the statement of activities, however, these costs are allocated over their estimated useful lives and reported as depreciation expense:		
Reclassify new additions to general fixed assets	5,231	
Reclassify changes to infrastructure	(5,429)	
Depreciation on general fixed assets	(10,482)	
Depreciation on infrastructure	(5,812)	(16,492)
The issuance of long-term debt provides current resources to governmental funds and the repayment of the principal of long-term debt uses current financial resources of governmental funds. These transactions have no effect on net assets:		
Proceeds from debt issuances	(329,180)	
Payment of principal on general obligation debt	24,171	
Payment on capital leases	405	
Payments to escrow agent	214,192	
Issuance costs of general obligation debt	11,772	(78,640)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:		
Change in compensated absences	34	
Change in closure and postclosure costs	(297)	
Amortization of deferred charges	(422)	
Change in arbitrage rebate liability	27	
Change in interest payable	(2,193)	(2,851)
Revenue not recognized until future years		3,245
Revenue recognized in a prior year		(3,915)
Elimination of interfund receivable		256
Loss on disposal of fixed assets		(373)
Change, decrease, in net assets of governmental activities		(\$29,180)

The accompanying notes are an integral part of these financial statements.

City of Birmingham, Alabama  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual  
For the Year Ended June 30, 2007  
(in thousands)

	Budget Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes	\$211,300	\$211,300	\$212,495	\$1,195
Licenses and permits	60,468	60,468	65,349	4,881
Intergovernmental	14,432	18,443	19,012	569
Charges for services	15,850	18,584	18,790	206
Fines and forfeitures	4,200	4,200	4,118	(82)
Other operating revenues	9,250	6,378	9,090	2,712
Total revenues	315,500	319,373	328,854	9,481
<b>Expenditures:</b>				
Public safety	156,163	155,832	151,216	(4,616)
Environment and street	69,856	69,940	69,681	(259)
Cultural and recreational	38,917	38,156	38,321	165
General government	50,564	50,421	50,229	(192)
Total expenditures	315,500	314,349	309,447	(4,902)
Excess revenue over expenditures		\$5,024	19,407	\$14,383
Other financing uses			(3,426)	
Excess of revenues over expenditures and other uses			15,981	
Fund balance, beginning of year			70,767	
Fund balance, end of year			\$86,748	

The accompanying notes are an integral part of these financial statements.

City of Birmingham, Alabama  
Statement of Net Assets  
Proprietary Fund  
Emergency Management Communication District  
June 30, 2007  
(in thousands)

**ASSETS**

**Current assets:**

Cash and investments	\$2,523
Prepaid items	12
<b>Total current assets</b>	<u>2,535</u>

**Property, plant, and equipment:**

Buildings and systems	1,025
Machinery and equipment	2,188
Furniture and fixtures	49
Less accumulated depreciation	(2,340)
<b>Total property, plant, and equipment</b>	<u>922</u>

**TOTAL ASSETS**

\$3,457

**LIABILITIES**

**Current liabilities:**

Accounts payable	\$2
Contracts payable	101
Due to other funds	2,358
<b>TOTAL LIABILITIES</b>	<u>2,461</u>

**NET ASSETS**

**Invested in capital assets**

922

**Unrestricted**

74

**NET ASSETS**

996

**TOTAL LIABILITIES AND NET ASSETS**

\$3,457

The accompanying notes are an integral part of these financial statements.

**City of Birmingham, Alabama**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Fund**  
**Emergency Management Communication District**  
**For the Year Ended June 30, 2007**  
**(in thousands)**

<b>OPERATING REVENUES:</b>	
Service fees	<u>\$3,156</u>
<b>OPERATING EXPENSES:</b>	
Public safety	2,358
General and administrative	48
Repairs and maintenance	770
Depreciation	20
Total operating expenses	<u>3,196</u>
Operating loss	(40)
<b>NONOPERATING REVENUES:</b>	
Interest income	<u>102</u>
Net income	62
Net assets, beginning of year	<u>934</u>
Net assets, end of year	<u><u>\$996</u></u>

The accompanying notes are an integral part of these financial statements.

City of Birmingham, Alabama  
Statement of Cash Flows  
Proprietary Fund  
Emergency Management Communication District  
For the Year Ended June 30, 2007  
(in thousands)

Cash flows from operating activities:	
Cash received from customers	\$3,156
Cash payments to suppliers	(3,284)
Cash payments to employees	(48)
Net cash used by operating activities	<u>(176)</u>
 Cash flows from investing activities:	
Interest received	<u>102</u>
 Net decrease in cash and cash equivalents	(74)
Cash and investments, beginning of year	<u>2,597</u>
Cash and investments, end of year	<u><u>\$2,523</u></u>
 Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	(\$40)
 Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	20
Change in prepaid items	21
Change in accounts payable and other liabilities	102
Change in due to other funds	(279)
Net cash used by operating activities	<u><u>(\$176)</u></u>

The accompanying notes are an integral part of these financial statements.

**City of Birmingham, Alabama**  
**Statement of Fiduciary Net Assets**  
**Pension Trust Funds**  
**June 30, 2007**  
**(in thousands)**

<b>ASSETS:</b>	
Cash and cash equivalents	\$95,155
Receivables:	
Members	2,415
Member loans	10,685
Interest and dividends	6,208
Due from other funds	1,031
Investments, at fair value:	
U. S. Government obligations	282,240
Domestic corporate bonds	176,225
Domestic stocks	448,518
<b>TOTAL ASSETS</b>	<b>1,022,477</b>
<b>LIABILITIES</b>	
Accounts payable and other	1,562
<b>NET ASSETS</b>	
Held in trust for future pension benefits	<b>\$1,020,915</b>

The accompanying notes are an integral part of these financial statements.

**City of Birmingham, Alabama**  
**Statement of Changes in Fiduciary Net Assets**  
**Pension Trust Funds**  
**For the Year Ended June 30, 2007**  
**(in thousands)**

**ADDITIONS:**

**Contributions:**

<b>Employer contributions</b>	<b>\$15,711</b>
<b>Plan member contributions</b>	<b>14,127</b>
<b>Total contributions</b>	<b><u>29,838</u></b>

**Investment income:**

<b>Investment earnings</b>	<b>94,333</b>
<b>Securities lending</b>	<b>378</b>
	<b><u>94,711</u></b>
<b>Less investment expenses</b>	<b>3,794</b>
<b>Net investment income</b>	<b><u>90,917</u></b>

<b>Other income</b>	<b><u>576</u></b>
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<b>TOTAL ADDITIONS</b>	<b><u>121,331</u></b>
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**DEDUCTIONS:**

<b>Benefits</b>	<b>57,370</b>
<b>Refunds of contributions</b>	<b>1,935</b>
<b>Administrative expenses</b>	<b>962</b>
	<b><u>60,267</u></b>

<b>TOTAL DEDUCTIONS</b>	<b><u>60,267</u></b>
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<b>Net increase</b>	<b>61,064</b>
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**Net assets held in trust for future pension benefits:**

<b>Beginning of year</b>	<b>959,851</b>
<b>End of year</b>	<b><u><u>\$1,020,915</u></u></b>

The accompanying notes are an integral part of these financial statements.

City of Birmingham, Alabama  
Statement of Net Assets - Component Units  
June 30, 2007  
(in thousands)  
(1 of 2)

	Component Units		
	Birmingham Airport Authority	Birmingham Parking Authority	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Unrestricted Assets:			
Cash and investments	\$9,953	\$2,730	\$12,683
Receivables:			
Accounts (net of allowances for uncollectibles)	1,227	101	1,328
Due from other governments	2,375		2,375
Prepaid items	436	32	468
Total unrestricted assets	13,991	2,863	16,854
Restricted assets:			
Cash and cash equivalents	11,798		11,798
Investments	2,772		2,772
Grants and accounts receivable	2,352		2,352
Accrued interest receivable	19		19
Total restricted assets	16,941		16,941
Total current assets	30,932	2,863	33,795
<b>NONCURRENT ASSETS</b>			
Other assets:			
Deferred charges	1,471		1,471
Capital assets:			
Land	105,113	5,146	110,259
Buildings and capital facilities	106,303	3,990	110,293
Machinery and equipment	8,354	783	9,137
Accumulated depreciation	(58,667)	(2,804)	(61,471)
Infrastructure	118,759		118,759
Accumulated depreciation	(54,641)		(54,641)
Construction in progress	96,134	1,204	97,338
Total capital assets	321,355	8,319	329,674
Total noncurrent assets	322,826	8,319	331,145
<b>TOTAL ASSETS</b>	<b>\$353,758</b>	<b>\$11,182</b>	<b>\$364,940</b>

The accompanying notes are an integral part of these financial statements.

City of Birmingham, Alabama  
Statement of Net Assets - Component Units  
June 30, 2007  
(in thousands)  
(2 of 2)

	Component Units		
	Birmingham Airport Authority	Birmingham Parking Authority	Total
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payable from Unrestricted Assets:			
Accounts and vouchers payable	\$921	\$62	\$983
Accrued payroll and payroll taxes		167	167
Due to primary government		588	588
Current portion of long-term lease obligation	90		90
Compensated absences		35	35
Notes payable		2,079	2,079
Total payable from unrestricted assets	1,011	2,931	3,942
Payable from Restricted Assets:			
Construction contracts payable	1,521		1,521
Accrued interest payable	1,644		1,644
Current portion of revenue bonds payable	3,345		3,345
Total payable from restricted assets	6,510		6,510
Total current liabilities	7,521	2,931	10,452
Long-term liabilities:			
Compensated absences	359	187	546
Revenue bonds payable, net	75,770		75,770
Total long-term liabilities	76,129	187	76,316
<b>TOTAL LIABILITIES</b>	<b>83,650</b>	<b>3,118</b>	<b>86,768</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	243,621	6,240	249,861
Restricted for:			
Debt service	9,987		9,987
Future projects	3,790		3,790
Unrestricted	12,710	1,824	14,534
<b>TOTAL NET ASSETS</b>	<b>270,108</b>	<b>8,064</b>	<b>278,172</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$353,758</b>	<b>\$11,182</b>	<b>\$364,940</b>

The accompanying notes are an integral part of these financial statements.

City of Birmingham, Alabama  
Statement of Activities - Component Units  
For the Year Ended June 30, 2007  
(in thousands)

	Expenses	Charges for Services	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets		
				Birmingham Airport Authority	Birmingham Parking Authority	Total
Birmingham Airport Authority	\$32,578	\$29,203	17,706	\$14,331		\$14,331
Birmingham Parking Authority	4,712	4,777			65	65
<b>Total component units</b>	<b>\$37,290</b>	<b>\$33,980</b>	<b>\$17,706</b>	<b>14,331</b>	<b>65</b>	<b>14,396</b>
<b>General revenues:</b>						
Unrestricted investment earnings				1,001	28	1,029
Other				4,327	228	4,555
<b>Total general revenues</b>				<b>5,328</b>	<b>256</b>	<b>5,584</b>
<b>Change in net assets</b>				<b>19,659</b>	<b>321</b>	<b>19,980</b>
<b>Net assets - beginning of year</b>				<b>250,449</b>	<b>7,743</b>	<b>258,192</b>
<b>Net assets - end of year</b>				<b>\$270,108</b>	<b>\$8,064</b>	<b>\$278,172</b>

The accompanying notes are an integral part of these financial statements.

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2007

**I. Organization and Summary of Significant Accounting Policies**

**A. Reporting Entity**

The City of Birmingham, located in Alabama, is a municipal corporation that was incorporated on December 19, 1871. The City operates under a Mayor-Council form of government as provided by Act No. 425 of the Alabama Legislature (The Mayor-Council Act) and is comprised of a Mayor elected at large and a nine-member council that is elected by district.

The financial statements of the City have been presented in conformity with accounting principles accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accompanying financial statements present the City and its component units, entities for which the City of Birmingham is considered to be financially accountable. The City's discretely presented component units are presented in total in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

**Discretely presented component units**

- The Birmingham Airport Authority (BAA) is a seven-member board appointed by the City and is a non-profit corporation under the provisions of the Code of Alabama. The Authority is responsible for the operations of the Birmingham International Airport. Because the City of Birmingham appoints the BAA's governing body and the City is obligated in some manner for the debt of the BAA, the Authority is included as a component unit in these financial statements. The BAA's fiscal year ends June 30.

The BAA reimburses the City for the cost of providing security and fire protection services to the Airport. Amounts charged by the City for the fiscal year ended June 30, 2007, totaled \$2,995,216.

- The Birmingham Parking Authority (BPA) is a three-member board appointed by the City and operates parking facilities in the City and also acts as a financing agent for certain other parking facilities. Because the City appoints the BPA's governing body, the City is obligated to provide and receives specific financial benefits, and the City is obligated in some manner for the debt of the BPA, the Authority is included as a component unit in these financial statements. The BPA's fiscal year ends June 30.

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2007

Complete financial statements for each component unit may be obtained at the following administrative offices:

Birmingham Airport Authority  
5900 Airport Highway  
Birmingham, Alabama 35222  
Financial statement date: June 30, 2007

Birmingham Parking Authority  
401 20<sup>th</sup> Street North  
Birmingham, Alabama 35203  
Financial statement date: June 30, 2007

**Related Organizations**

The City of Birmingham is also responsible for appointing a voting majority of the boards of other organizations, but the City's financial accountability for these organizations does not extend beyond making the appointments. The City appointed a voting majority of the Birmingham-Jefferson County Transit Authority (BJCTA) and the Birmingham Housing Authority (BHA). In fiscal year 2007 the City appropriated to these related organizations \$4,996,817 and \$39,565, respectively. These organizations are related organizations that have not been included within the City's financial statements.

**Joint Venture**

As defined in GASB Statement No. 14, a joint venture is a legal entity or other organization that results from a contractual arrangement and is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (1) an ongoing financial interest or (2) an ongoing financial responsibility. The City participates in the Birmingham-Jefferson County Civic Center Authority (BJCCA) which was created by the Alabama Legislature as a public corporation authorized to construct, maintain, operate, and manage a civic center in the City of Birmingham, Jefferson County, Alabama. The BJCCA also owns a hotel that is managed by an independent operator. The City is a joint participant in the BJCCA with Jefferson County; each is obligated by contract to remit amounts to supplement the BJCCA's operating revenues. In accordance with the interlocal agreement, the City remitted \$3,000,000 to the BJCCA during fiscal year 2007. The City does not have an equity ownership in this joint venture. Separate financial statements indicated a change in net assets of \$19,449,847 for the year ended August 31, 2006; net assets at August 31, 2006 totaled \$96,389,052. These are the most current figures available.

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**B. Government-wide and Fund Financial Statements**

The government-wide financial statements of the City consist of the statement of net assets and the statement of activities for all of the nonfiduciary activities of the City and its two component units. The effect of interfund activity has been removed from these statements. The statements report separately the *governmental activities* from the *business-type activities*. Governmental activities are normally supported by taxes and intergovernmental revenues, whereas business-type activities rely on fees and charges for support. The City as the *primary government* is shown separately from its two legally separate *component units*.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function; *program revenues* include (a) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. *General revenues* include taxes and other items not included in program revenues.

Included in this report are separate financial statements for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The City reports its major individual governmental funds as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements, the proprietary fund financial statements, and the fiduciary fund financial statements are all reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this focus and basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the cash is received or expended. Property taxes are recognized as revenues in the year of their levy; grants and similar items are recognized as revenue when all the eligibility requirements of the providers have been met.

All governmental funds are accounted for using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. The City of Birmingham considers revenues to be *available* if they are collected within 60 days of the end of the current fiscal period; the major sources of accrued revenue are the various business and ad valorem taxes the City

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collects as well as grant revenues. Expenditures are recorded when the liability is incurred, consistent with accrual accounting. Debt service expenditures, claims and judgments, as well as expenditures related to compensated absences are recorded only when payment is due.

The City of Birmingham reports the following major governmental funds:

The *General Fund* is the City's primary operating fund and accounts for all financial resources except those required to be accounted for in other funds.

The *General Bond Debt Reserve Fund* accounts for the receipt of property taxes earmarked for debt service.

The *General Bond Debt Service Fund* accounts for the payment of principal and interest on general obligation debt.

The *Birmingham Fund* is considered a Special Revenue Fund and is used to account for the proceeds the City received from the sale of the Industrial Water Board.

The City reports its only proprietary fund as a *major* proprietary fund:

The *Emergency Management Communications District* accounts for the operation of the Enhanced Universal Emergency Number Service (E911).

Additionally, the City reports the following fund types:

The *Pension Trust Funds* accounts for the activities of the City's seven pension plans.

GASB Statement No. 20 requires that each government make elections concerning proprietary funds. The City elected to apply Financial Accounting Standards Board (FASB) pronouncements and interpretations issued before or on November 20, 1989, unless they conflict with or contradict GASB pronouncements.

The accompanying financial statements reflect the elimination of interfund activity with the exception of the charges to the City's proprietary fund. These amounts are shown on the statement of net assets as *interfund balances*.

The operating revenues of the proprietary fund include charges to customers for the operation of the 911 telephone service. Nonoperating revenues include investment earnings. The operating expenses of the proprietary fund are those expenses incurred in the normal operations of providing the 911 services, as well as depreciation of the capital assets.

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**D. Assets, Liabilities, and Net Assets or Equity**

1. Deposits and Investments – Cash and cash equivalents includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. State statutes authorize the City to invest in U. S. government obligations, U. S. government agency obligations, U. S. corporate stock, U. S. debt, State of Alabama obligations, county obligations, and other municipal obligations.

All investments, including those of the City's component units, are reported at fair value, market value, or best available estimates. Short-term investments are reported at cost which approximates market value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. All investments have established markets to determine their fair value.

2. Receivables and Payables –

The City shows “due to/from other funds” at the end of the fiscal year to show the current outstanding balances from lending/borrowing arrangements.

Taxes Receivable – All property taxes levied by the State of Alabama, Jefferson and Shelby Counties are assessed by the Jefferson and Shelby Counties Tax assessors and collected by their tax collectors. The property tax calendars specify the following actions and dates:

Levy (assessment date)	September 30
Lien date	September 30
Due date	October 1
Collection dates	October 1 to December 31
Delinquent date	January 1

The City of Birmingham receives a 3% sales tax for the sale of tangible goods within the City limits and a 1% occupational tax on wages of persons employed within the City limits. Tax collections are remitted to the City on a monthly basis. All amounts remitted within the bill paying period are included in revenue; taxes collected within the fiscal year but remitted to the City after year-end are accrued in both the government-wide and fund financial statements. The City Council enacted a 1% sales tax increase on December 4, 2007, for a period of six years to be effective January 1, 2008.

3. Inventories and Prepaid Items – Inventories are valued on the average cost basis. Inventory consists of expendable supplies held in the General Fund for consumption. The cost is recorded as an expenditure at the time individual inventory items are used (consumption method). Payments made

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to vendors for services that will benefit periods beyond June 30, 2007, are recorded as prepaid items.

4. Restricted Assets – Certain assets of the Birmingham Airport Authority (component unit) are restricted by the terms of federal grants and programs. These particular funds are restricted for designated capital projects and any debt incurred to finance the construction of those projects.

5. Capital assets – Capital assets include property, buildings, furniture and other equipment, and infrastructure. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital outlays are recorded as expenditures of the governmental funds. Capital assets, other than infrastructure, are defined by the City as items with an estimated useful life of three years or more and an individual cost in excess of \$500. Capital assets are recorded at cost where historical cost is available or at estimated historical cost if actual cost is not available. Donated capital assets are recorded at their estimated fair value at time of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend useful lives are expensed. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings and capital facilities	50
Furniture and other equipment	10 – 20
Infrastructure	25 – 50

The City recognizes the intrinsic value of historical works and collections. As such, the City has adopted a policy that these items will not be considered capital items and subject to depreciation. This policy covers the historical works and collections housed at the City's various museums. Should the sale of any of these items occur, the City is committed to using the funds generated from the sale to purchasing other similar collectibles.

6. Compensated absences – City of Birmingham employees earn vacation leave at graduated rates based on the employee's length of service (one day per month of service, initially), and up to 40 days of unused leave may be carried over to the following year. Vacation pay is accrued when incurred in the government-wide financial statements. The City does not have a policy for vested sick pay, thus no liability for accumulated unpaid sick leave is accrued.

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7. Long-term obligations – Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and issuance costs are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premiums.

Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, any bond premiums and issuance costs have been recognized in the current period. The face amount of the new debt issued and the premiums received are reported as other financing sources; issuance costs are reported as debt service expenditures.

8. Fund equity – In the fund financial statements, reservations of governmental funds are used to indicate that a portion of the fund balance is not appropriated for expenditure or is legally segregated for a specific use.

**II. Reconciliation of Government-Wide and Fund Financial Statements**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets (dollars in thousands)**

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$629,055 difference are as follows:

Bonds payable	\$602,845
Add: Issuance premium (to be amortized as interest expense)	21,601
Less: Discount on issuance of warrants	(29)
Less: Deferred charge for issuance costs (to be amortized over the life of the debt)	(31,840)
Accrued interest payable	6,053
Capital leases	1,690
Compensated absences	13,967
Landfill closure liability	7,568
Workmen's compensation claims	7,200
	<u>\$629,055</u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (dollars in thousands)**

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The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. In the statement of activities, however, these costs are allocated over their estimated useful lives and reported as depreciation expense.”

The details of this \$16,492 difference are as follows:

Capital outlay	(198)
Depreciation expense	<u>(16,294)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$( <u>16,492</u> )

Another element of that reconciliation states that “the issuance of long-term debt provides current resources to governmental funds and the repayment of the principal of long-term debt uses current financial resources of governmental funds. These transactions have no effect on net assets.” The details of this \$78,640 difference are as follows:

Proceeds from new debt issuances	\$(329,180)
Principal payments of general obligation debt	24,171
Principal payments on capital leases	405
Payments to escrow agent	214,192
Issuance costs	<u>11,772</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u><u>(\$78,640)</u></u>

### **III. Stewardship, compliance, and accountability**

#### **A. Budgetary information**

The annual budget for the City of Birmingham’s General Fund is adopted on a cash basis. Budgets for the Special Revenue and Capital Projects Funds are adopted on an individual project basis. Budgets are not prepared for the Debt Service Funds because effective budgetary control is alternatively achieved through general obligation indenture provisions.

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On or before May 20, the Mayor submits to the City Council a proposed General Fund operating budget for the upcoming fiscal year commencing July 1. The proposed budget includes proposed expenditures and the means of financing them. Subsequently, a public hearing is held to obtain taxpayer comments; and prior to July 1, the official budget is enacted through passage of an ordinance.

The City's budget is prepared by fund, function, and department. The individual departments are authorized by the Mayor to make transfers of appropriations within their departments; however, any revisions that alter the total expenditures of any fund or transfer between departments must be approved by City Council. The legal level of budgetary control is the department level. This year's General Fund budget was amended as needed throughout the year by City Council action provided that adequate funds were available at the time of the amendments.

Encumbrance accounting is used in governmental funds. The City reports purchase orders outstanding at the end of the fiscal year as reservations of fund balance. These encumbrances are subject to reappropriation by Council ordinance in the succeeding fiscal year.

Reconciliation between the GAAP basis of reporting and the budgetary basis of reporting (dollars in thousands):

Excess of revenues and other sources over expenditures and other uses (GAAP basis)	\$ 17,843
Less prior year accrued expense (GAAP)	(2,508)
Plus current year accrued expense (GAAP)	2,311
Plus encumbrance elimination (GAAP)	7,650
Plus net decrease in fair market value of investments (GAAP)	137
Less current year encumbrances (budgetary basis)	(9,452)
Excess of revenues and other sources over expenditures and other uses (Budgetary basis)	<u>\$ 15,981</u>

**IV. Detailed notes on all funds**

**A. Deposits and Investments**

**Deposits** – At June 30, 2007, the carrying amount of the City's demand deposits, certificates of deposits, and money market investments in all funds was \$294,282,590 and the bank balance was \$289,016,140.

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Financial institutions utilized as depositories by the City must provide evidence of its designation by the Alabama State Treasurer as a qualified public depository under the Security of Alabama Funds Enhancement Act (SAFE). From time to time, the City may request that the depository provide evidence of its continuing designation as a qualified public depository. The enactment of the SAFE program changed the way all Alabama public deposits are collateralized. Each qualified public depository (QPD) is required to hold collateral for all its public depositories on a pooled basis in a custody account established by the State Treasurer as SAFE administrator. In the unlikely event a public entity should suffer a deposit loss due to QPD insolvency or default, a claim form would be filed with the State Treasurer who would use the SAFE pool collateral or other means to reimburse the loss.

**Investments** – At June 30, 2007, the City of Birmingham had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Avg. Maturity</u> <u>(years)</u>
U.S. Govt. agency obligations	\$ 204,421,946	5.13
U.S. Treasuries	191,707,302	6.30
U.S. Corporate debt	184,533,335	7.03
U.S. Corporate stock	<u>556,476,857</u>	-
Total fair value	\$1,137,139,440	
Portfolio weighted avg. maturity		6.15

**Interest Rate Risk**

The City has a formal investment policy for its internally managed funds which limits the weighted average duration of fixed income investments as a means of controlling the portfolio's exposure to undesirable interest rate risk. The guidelines for these various internally managed fund groups are as follows:

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<u>Fund Group</u>	<u>Weighted Avg Duration Limit</u>
Operating & Investment Fund	3 years
Sinking Fund	5 years
1992 Street Warrants	2 years
Investible Grants	1 year
HUD Trust	1 year
Firemen's & Policemen's Supplemental	7 years
Emergency Management Communication District	1 year
1990 G.O. Bonds	2 years
1990 Storm Sewer Bonds	2 years
1992 G.O. Bond	2 years
1993 G.O. Bond	2 years
Birmingham Fund	7 years

Retirement & Relief System – The City's investment policy for its Retirement & Relief System does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investments Highly Sensitive to Interest Rate Changes

The City also invests in mortgage-backed securities, representing U.S. government agency obligations with a fair value of \$19,820,342, and U.S. corporate debt with a fair value of \$2,531,764. Mortgage-backed securities are based on cash flows from the collection of mortgages. Prepayments arise when, for example, mortgage holders redeem their mortgages early. The investor's investment is returned early, or in extreme cases, not returned at all. Mortgage-backed securities may be considered to be investments with terms that may cause their fair values to be highly sensitive to interest rate changes.

**Credit Risk:** The City's Retirement & Relief System's investment policy limits investments in all bonds to securities having a Standard & Poors rating of AAA, AA, A, or BBB, or a Moody's rating of Aaa, Aa, A, or Baa. The City's investments included the following bonds at June 30, 2007:

<u>Description</u>	<u>Rating</u>	<u>Fair Value</u>
U.S. Govt Agency Discount Notes, Bonds	AAA	\$204,421,946
U. S. Corporate Bonds:	A	\$ 91,499,462
	AA	43,897,887
	AAA	8,946,680
	BB	999,860
	BBB	39,189,446
		<u>184,533,335</u>
		<u>\$388,955,281</u>

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The City, at this time, does not have a formal credit risk policy for its internally managed funds.

**Securities Lending Transactions** – Under the provisions of State statutes, the City lends securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. One of the City's custodial banks manage the securities lending program and received both cash and domestic bonds as collateral. The collateral securities cannot be pledged nor sold by the City unless the borrower defaults. Collateral securities are initially pledged at 102 % of the market value of the securities

lent and this collateral is adjusted weekly to maintain the 102% level. The City's Pension Plans authorize the lending of domestic bonds and equity securities. The cash collateral is invested in commingled short-term fixed income accounts. The City, as a program participant, assumes the risk that (a) the overnight investment will not equal or exceed the rebate rate, (b) a loss of principal in the overnight investment, and (c) the collateral will not be sufficient if called upon to repurchase the lost security. As of June 30, 2007, the City has approximately \$405,757,619 of securities in the securities lending program and has incurred no loss through its participation in this program and has no anticipated risk exposure.

**B. Receivables**

The City entered into a Lease, Assignment, and Operating Agreement with the Birmingham Airport Authority. Under the lease portion of the agreement, the Authority leased the entire airport facility and operation with net assets of \$16,490,000 for a term of fifty years beginning September 16, 1986. The lease, which has been properly recognized as a direct financing lease, has been recorded in the General Fund financial statements at the minimum lease payments. The following is a schedule of minimum rentals to be received for the periods ending June 30 (in thousands):

Year	Amount
2008	<u>92</u>
Total minimum lease payments	<u>92</u>
Less amount representing interest	<u>(2)</u>
Present value of minimum lease payments	<u><u>\$90</u></u>

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**C. Capital Assets**

Capital asset activity for the year ended June 30, 2007 was as follows (in thousands):

	June 30, <u>2006</u>	<u>Increases</u>	<u>Decreases</u>	June 30, <u>2007</u>
<b>Governmental activities:</b>				
Capital assets, nondepreciable:				
Land	\$134,344	2,721		137,065
Construction in progress	15,120	796	13,327	2,589
Land, infrastructure projects	<u>15,685</u>	<u>449</u>		<u>16,134</u>
Total nondepreciable capital assets	165,149	3,966	13,327	155,788
Capital assets, depreciable:				
Buildings & capital facilities	192,032			192,032
Furniture & other equipment	152,060	2,510	3,938	150,632
Infrastructure	<u>168,105</u>	<u>6,653</u>		<u>174,758</u>
Total depreciable capital assets	512,197	9,163	3,938	517,422
Less accumulated depreciation:				
Buildings & capital facilities	90,117	3,566		93,683
Furniture & other equipment	113,809	6,916	3,565	117,160
Infrastructure	<u>94,898</u>	<u>5,812</u>		<u>100,710</u>
Total accumulated depreciation	298,824	16,294	3,565	311,553
Net depreciable capital assets	<u>213,373</u>	<u>(7,131)</u>	<u>373</u>	<u>205,869</u>
Governmental activities, net capital assets	<u>\$378,522</u>	<u>(3,165)</u>	<u>13,700</u>	<u>361,657</u>
 <b>Business-type activities:</b>				
Buildings & other capital facilities	\$1,025			1,025
Furniture & other equipment	<u>2,237</u>			<u>2,237</u>
Total capital assets	3,262			3,262
Less accumulated depreciation:				
Buildings & other capital facilities	317	20		337
Furniture & other equipment	<u>2,003</u>			<u>2,003</u>
Total accumulated depreciation	<u>2,320</u>	<u>20</u>		<u>2,340</u>
Business-type activities, net capital assets	<u>\$942</u>	<u>(20)</u>		<u>922</u>

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Depreciation expense was charged to the following functions (in thousands):

**Governmental activities:**

Public safety, including depreciation of infrastructure assets	\$9,527
Streets and sanitation	2,087
Cultural and recreation	1,470
General government	3,210
Total depreciation - governmental activities	<u>\$16,294</u>

**Business-type activities:**

E-911 operations	<u>\$20</u>
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**D. Interfunds receivable, payable, and transfers**

The City uses interfund receivables/payables to record interfund reimbursements that arise when one fund reimburses another fund for costs incurred on its behalf. The composition of interfund balances as of June 30, 2007, is as follows (in thousands):

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Improvements	General Fund	\$31,871
Special Revenue	General Fund	13
	Special Revenue	2
	Birmingham	
	Emergency Mgt.	
	Communication	
General Fund	District	2,358
	Pension Trust Fund	3
	Special Revenue	2
Pension Trust Funds	General Fund	1,024
	Special Revenue	7
		<u>\$35,280</u>

The City uses interfund transfers to record the resources one fund provides another fund with no expectation of repayment, such as occurs with companion funds. The composition of interfund transfer balances at June 30, 2007, is as follows (in thousands):

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Interfund transfers:

Transfers Out	Transfers In		
	Debt Service	Other Governmental Funds	Total
General Fund		\$ 8,071	\$ 8,071
General Bond Debt Reserve	\$31,750		31,750
Nonmajor Governmental Funds		738	738
	<u>\$31,750</u>	<u>\$ 8,809</u>	<u>\$40,559</u>

**E. Leases**

The City entered into a capital lease in fiscal year 2005 to finance the acquisition of printing equipment. The lease agreement qualifies as a capital lease for accounting purposes. The equipment is capitalized at a cost of \$417,000.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007, are as follows:

Year ending June 30,	
2008	\$70,000
2009	70,000
2010	70,000
2011	70,000
2012	<u>53,000</u>
Total minimum lease payments	333,000
Less amount representing interest	<u>(29,000)</u>
Present value of minimum lease payments	<u>\$304,000</u>

The City entered into a capital lease in fiscal year 2006 to finance the acquisition of a new financial reporting and human resource/payroll computer system. The equipment is capitalized at a cost of \$1.8 million. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007, are as follows:

Year ending June 30,	
2008	405,000
2009	405,000
2010	405,000
2011	<u>270,000</u>
Total minimum lease payments	1,485,000
Less amount representing interest	<u>( 98,000)</u>
Present value of minimum lease payments	<u>\$1,387,000</u>

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**F. Long-term debt**

General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and/or construction of capital assets. The bonds are direct obligations of the City, and the full faith and credit of the City is pledged against the bonds. The bonds outstanding at June 30, 2007, are as follows (in thousands):

1977 A-M; 4%-8%	\$1,480
1996; 3.75%-5.25%	855
1997-B, A-E; 4.5%-5.375%	3,575
1998-A, A-B; 3.7%-5.125%	2,380
1999-A; 3.1%-5.0%	1,185
1999-B; 3.5%-5.75%	6,015
2001-A; 2.3%-5.75%	9,755
2002-A; 5%-5.5%	22,625
2002-B; 2.25%-5.25%	10,870
2005-A; 3.75%-5.75%	28,230
2006-A; 4.00%-5.00%	84,295
2006-B; 4.00%-5.00%	64,550
2007-A; 4.00%-5.00%	117,935
	<u>\$353,750</u>

Annual debt service requirements to maturity for general obligation bonds are as follows (in thousands):

June 30,	Principal	Interest
2008	16,630	18,111
2009	19,075	15,978
2010	19,975	14,812
2011	20,810	13,926
2012	21,185	12,989
2013-2017	96,925	48,274
2018-2022	53,110	27,798
2023-2027	38,280	19,952
2028-2032	55,040	9,296
2033	12,720	286
	<u>\$353,750</u>	<u>\$181,422</u>

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On December 21, 2006, the City of Birmingham issued Series 2006-A General Obligation Refunding Bonds in the amount of \$84,295,000 to advance refund portions of Series 1998-A Bonds, 1999-A Bonds, 1999-B Bonds, 2001-A Bonds, and 2002-A Bonds; a total of \$83,320,000 of outstanding principal was defeased with this issue.

Also issued on December 21, 2006, the City of Birmingham issued Series 2006-B General Obligation Refunding Bonds to current refund the Series 1997-A Bonds and to pay certain fees payable with respect to assignment of the City's position in the Interest Rate Swap; a total of \$60,435,000 of outstanding principal was defeased. The City realized a net present value savings of \$2,146,720 on these two refundings.

On May 9, 2007, the City of Birmingham issued Series 2007-A Refunding Bonds in the amount of \$117,935,000. The proceeds of approximately \$65 million were used to advance refund a portion of the City's General Obligation Capital Improvement and Refunding Bonds, Series 2002-B and to pay the costs of issuing the Bonds; a total of \$61,310,000 of outstanding principal was defeased. The remaining proceeds of approximately \$53 million will be used to provide funds for various capital improvements.

General obligation warrants and revenue warrants:

The City issues general obligation warrants for the same purposes as general obligation bonds. The warrants are also direct obligations of the City for which it pledges its full faith and credit. Under state statute, general obligation warrants can be issued without an election and must be issued for a period of maturity of not longer than thirty years. Revenue warrants are tax increment financing district warrants in which ad valorem taxes are collected to fund the debt service.

The warrants outstanding at June 30, 2007 are as follows (in thousands):

1997; 3.8%-5.0%	\$4,390
1998-A; variable rate	4,595
1998-B; variable rate	26,190
2000-A; 4.3%-5.5%	49,010
2001-B; 5%-5.5%	10,205
2001-C; 4%-5.75%	20,800
2003-A; 1.7%-5.25%	16,790
2003-B; 1.2%-5%	27,020
2004-A; variable rate	21,195
2004-B; 2.3%-4%	7,590
2006-C; 4%-5%	24,740
2007-B; 4%-5%	25,360
	<u>\$237,885</u>

Revenue Warrants:

2000 Tax Increment Financing; var. rate	<u>\$11,210</u>
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CITY OF BIRMINGHAM  
Notes to the Financial Statements  
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Annual debt service requirements to maturity for the City's general obligation and revenue warrants are as follows (in thousands):

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2008	8,440	10,923
2009	9,640	10,771
2010	10,830	10,355
2011	11,305	9,887
2012	12,345	9,389
2013-2017	71,930	37,549
2018-2022	50,140	20,909
2023-2027	43,370	10,195
2028-2032	17,830	2,557
2033	2,055	90
	<u>\$237,885</u>	<u>\$122,625</u>

On December 21, 2006, the City of Birmingham issued Series 2006-C General Obligation Parking Improvement Warrants in the amount of \$24,740,000; the proceeds of the issue will be used to construct a new parking deck and to make improvements and repairs to other off-street parking facilities.

On May 9, 2007, the City of Birmingham issued 2007-B General Obligation Warrants in the amount of \$25,360,000. The proceeds will be used for the following purposes:

- a. to reimburse the City for funds used in the purchase and redevelopment of the former Eastwood Mall facility pursuant to the Oporto-Crestwood Urban Renewal and Urban Redevelopment Plan;
- b. to reimburse the City for expenditures to purchase real property to be included in the Railroad Reservation Park;
- c. to pay the costs of capital improvements to the City's existing facilities at Fair Park;
- d. to pay the costs of federally mandated improvements to various City buildings and facilities to comply with the Americans with Disabilities Act.

CITY OF BIRMINGHAM  
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Total outstanding bonds and warrants payable (in thousands):

Bonds payable	\$353,750
Warrants payable	237,885
Revenue warrants	<u>11,210</u>
	602,845
Less current maturities	(25,720)
Unamortized premium & discount	<u>21,572</u>
Total bonds and warrants payable	<u><u>\$598,697</u></u>

Changes in long-term liabilities (in thousands):

Governmental activities:

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Due Within One Year
Bonds and warrants payable (net of premium and discounts)	\$529,925	329,180	234,688	624,417	25,720
Capital leases	2,094		404	1,690	419
Worker's compensation claims	7,200			7,200	0
Compensated absences	14,001	1,074	1,108	13,967	1,015
Closure and postclosure costs	<u>7,271</u>	<u>297</u>		<u>7,568</u>	<u>0</u>
	<u>\$560,491</u>	<u>\$330,551</u>	<u>\$236,200</u>	<u>\$654,842</u>	<u>\$27,154</u>

The City's general fund is typically used to liquidate long-term liabilities with the exception of the debt which is paid from the City's debt service fund.

**G. Risk Management**

The City of Birmingham is exposed to various risks of loss related to torts, theft, errors and omissions, job-related illnesses and injuries, and natural disasters. Risk management is the process of managing the City's activities to minimize the adverse effects of certain types of losses and to obtain finances to provide for or restore the economic damages of those losses. The City finances its risk through self-insurance (risk retention) and through the purchase of insurance with a commercial insurance carrier (risk transfer).

The City funded through fiscal year 2006 the dental expense reimbursement plan that provides coverage up to a maximum of \$1,000 for each covered individual per claim year. The claims paid in fiscal year 2007 were for claims that occurred in the prior fiscal year. The plan was financed by City and employee contributions. The City passed this risk to a third-party administrator in fiscal year 2007. Settled claims have not exceeded the self-insured retention in any of the past three fiscal years. At June 30, the

CITY OF BIRMINGHAM  
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estimated liability for claims and changes in the liability from the preceding fiscal year were as follows (in thousands):

<u>June 30</u>	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2007	\$0	98	98	\$0
2006	\$0	698	698	\$0
2005	\$0	720	720	\$0

The City covers all workers' compensation claims out of its General Fund resources. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. At June 30, the amount of the incurred but not reported liability for the past three fiscal years is as follows (in thousands):

<u>June 30</u>	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2007	\$7,200	0	0	\$7,200
2006	\$7,200	0	0	\$7,200
2005	\$7,200	0	0	\$7,200

The City covers all claims expenditures out of its General Fund resources. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2007, the amount of these liabilities totaled \$3.523 million and is considered a current liability. The liability is the City's best estimate based on available information. Changes in the General Fund's claims liability amount in the last three fiscal years are as follows (in thousands):

<u>June 30</u>	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2007	\$2,725	2,026	1,516	\$3,235
2006	\$3,144	(759)	1,178	\$2,725
2005	\$3,975	1,768	2,599	\$3,144

CITY OF BIRMINGHAM  
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**H. Commitments and Contingencies**

The City of Birmingham is required by Act 232 of the 1977 Alabama Legislature to pay the Birmingham Jefferson County Transit Authority an amount equal to 10% of the ad valorem taxes collected for the County on property located within the municipality. Such amount was approximately \$3,000,000 for the 2007 fiscal year.

The City entered into an agreement with Jefferson County and the Birmingham-Jefferson County Civic Center Authority (BJCCA) for the improvement of the Civic Center facilities. Under the agreement, both the City and the County agreed to appropriate, pledge, and pay to the BJCCA an annual amount of tax revenue proceeds for the retirement of debt and for financing Civic Center improvements. The City is committed to expend \$3,000,000 of tax revenue for twenty years beginning in 1992.

The City of Birmingham, along with nine other cities and four counties participates in the East Central Alabama Industrial Development Authority. As a participant, the City entered into funding agreements whereby the City agreed to make annual payments on February 1 of each year beginning 2001 and ending 2015 of approximately \$195,000, to pay principal and interest on \$2,000,000 of bonds issued by the East Central Alabama Industrial Development Authority.

The City of Birmingham entered into an agreement with Wal-Mart Real Estate Trust in May 2002. Wal-Mart agreed to purchase and construct within the City limits two retail sales components – one being a Wal-Mart Supercenter and the other a retail gasoline station. The City, in return, agreed to rebate the City's portion of sales taxes collected at the new location up to \$10,000,000. The two new locations began operations in December 2003; to date the City has rebated approximately \$6,141,304 to Wal-Mart.

In August 2002, the City entered into funding agreements with the Greater Birmingham Convention & Visitors Bureau (the Bureau) and with the Birmingham Jefferson Civic Center Authority (BJCCA). The purpose of the agreements is to encourage and promote tourism and convention business within the city. On July 30, 2002, the City Council levied and imposed a privilege tax on every person, firm, or corporation engaged in the business of renting or furnishing any type accommodations to people in hotels, motels, inns, cabins, or any other type lodging. The tax is 3% of the charges of the lodging accommodations. The City agreed to rebate one-third of the taxes collected to the Bureau and two-thirds to the BJCCA. The terms of the agreements are from July 1, 2002, through June 30, 2007, with options for

CITY OF BIRMINGHAM  
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annual renewals. As of June 30, 2007, the City has collected approximately \$7,341,000 in lodging tax revenues and has remitted approximately \$2,447,000 to the Bureau and approximately \$4,894,000 to the BJCCA.

**I. Closure and post closure cost**

State and federal laws and regulations require the City to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of the estimated closure and postclosure cost liability as a long-term liability. The liability is increased or decreased each period based on landfill capacity used as of each balance sheet date.

The approximate \$7 million reported as closure and postclosure care liability at June 30, 2007, represents the cumulative amount reported to date based on the use of approximately 93 percent of the estimated capacity of the landfill. The City will decrease the existing liability by approximately \$1.1 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2007. Actual costs may be higher due to inflation, changes in technology, and/or changes in regulations.

**J. Pension Funds**

The City of Birmingham maintains seven single employer defined benefit pension plans covering substantially all employees. These plans consist of the Retirement and Relief System, Firemen's and Policemen's Supplemental Pension System, Firemen's Pension and Relief System, Policemen's Pension and Relief System, Limited Firemen's Retirement and Relief, Limited Policemen's Retirement and Relief, and the Unclassified Employees Pension and Relief System. Each of the seven plans was established by state law and is administered by a separate board of managers.

Plan Description

The funding methods and determination of benefits payable were established by the legislative acts creating such plans and provide that the pension plans' funds are to be accumulated from employee contributions, employer contributions, and income from the investment of accumulated funds. The cost of administering the plans is funded by the City. The City acts as the trustee for six of these plans. Separate financial statements are presented in this report for the pension funds.

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The two plans listed below are funded by contributions from employees, the City, and income from the investment of accumulated funds:

*City of Birmingham Retirement and Relief System* – This system covers all civil service employees, elected officials, and appointed employees. Membership is mandatory for covered employees and is effective upon employment. Appointed employees have the option of participating in this plan or in an alternative retirement plan. The City and employees each contribute one-half of the required contribution payable as a percent of compensation for the year, exclusive of overtime and subject to statutory limits. Current membership as of the last actuarial valuation of July 1, 2006, was 3,782 active members, 204 inactive members, 1,822 retired service pensioners, and 433 beneficiaries.

*City of Birmingham Firemen's and Policemen's Supplemental Pension System*- This system covers sworn firemen and policemen and provides retirement benefits for twenty or twenty-five years of service. Membership is mandatory for such personnel and is effective upon employment. Employees hired prior to May 2, 1978, contribute 3.3% of payroll, exclusive of overtime; those hired on or subsequent to May 2, 1978, contribute 5.22% and the City matches these amounts. Current membership as of the last actuarial valuation of July 1, 2006, was 1,422 active members, 183 retired service pensioners, and 81 beneficiaries.

The membership of the five plans listed below is closed and are funded by City contributions approximately equal to current benefit payments.

*City of Birmingham Unclassified Employees Pension and Relief System* – This system covers laborers not hired under civil service. Employees contribute \$10.00 bi-weekly. The City is required by City ordinance to contribute a sum, computed as a percentage of payroll, to fund the annual cost of the unfunded liability over thirty years. There are currently 8 active members and 37 pensioners including 1 beneficiary.

*Firemen's Pension and Relief Fund* – This system covers firemen employed prior to September 1939. All participants are currently retired and receiving benefits. Funding is provided by a tax of 1 ½% of premiums on fire insurance on property in Birmingham and by City contributions. Retired members include 9 beneficiaries.

*Policemen's Pension and Relief Fund* – This system covers policemen employed prior to September 1939. There are 6 beneficiaries currently in the plan.

CITY OF BIRMINGHAM  
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*Limited Firemen's Retirement and Relief System* – This system covers certain designated firemen formerly members of the Firemen's Pension and Relief Fund. Current membership includes 1 service pensioner and 4 beneficiaries.

*Limited Policemen's Retirement and Relief System* – This system covers certain designated policemen formerly members of the Policemen's Pension and Relief Fund. Current membership includes 4 beneficiaries.

Post-Retirement Benefits

In addition to the pension benefits described above, the City provides post-retirement health care benefits to retired employees who are eligible for pension benefits. The plan requires retirees to reduce their life insurance coverage, which retirees are required to pay in its entirety, and in exchange, the City will subsidize a portion of the retirees' health insurance premiums. The amount of the subsidy is based on the type of health insurance coverage chosen by retirees and the percentage of the retirees' life insurance reduction.

The City's subsidy for each covered retired employee ranges from \$30 to \$121 per month, and total insurance premiums range from \$12 to \$34 per month for dental insurance, and \$116 to \$953 for medical insurance. Currently, there are 2,677 retired members. Expenditures for post-retirement health care insurance costs are made and recognized monthly.

Summary of Significant Accounting Policies

The activities and the financial statements of the pension plans are accounted for on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Each pension plan's cash assets are invested in equity and fixed-income securities. All plan assets are reported at fair value. Investments traded on the national exchange are valued at the last reported sales price on the government's balance sheet date. Actuarial valuations are performed annually, and the latest are all dated July 1, 2004. The plans do not issue stand-alone financial reports, and all required disclosures are included in this report.

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Trend analysis for the City's pension plans are presented on the following pages.

**Schedule of Funding Progress**  
**(dollars in thousands)**

<u>Plan</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Valuation of Assets</u>	<u>Actuarial Accrued Liability (AAL)- Entry Age</u>	<u>Unfunded (Overfunded) AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
Retirement & Relief	7/1/1997	513,509	464,100	(49,409)	110.65%	120,831	-40.89%
	7/1/1998	575,642	496,911	(78,731)	115.84%	123,507	-63.75%
	7/1/1999	658,647	532,898	(125,749)	123.60%	125,105	-100.51%
	7/1/2000	738,898	615,476	(123,422)	120.05%	135,975	-90.77%
	7/1/2001	773,453	727,361	(46,092)	106.34%	149,422	-30.85%
	7/1/2002	778,605	758,085	(20,520)	102.71%	151,180	-13.57%
	7/1/2003	785,647	796,084	10,437	98.69%	152,242	6.86%
	7/1/2004	801,612	838,486	36,873	95.60%	158,062	23.33%
	7/1/2005	819,167	875,792	56,625	93.53%	158,898	35.64%
	7/1/2006	898,671	964,585	47,914	94.94%	162,849	29.42%
Firemen's and Policemen's Supplemental	7/1/1997	26,152	41,198	15,046	63.48%	51,647	29.13%
	7/1/1998	28,228	40,658	12,430	69.43%	52,553	23.65%
	7/1/1999	27,283	37,004	9,721	73.73%	53,264	18.25%
	7/1/2000	25,936	47,979	22,043	54.06%	56,456	39.04%
	7/1/2001	26,993	49,827	22,834	54.17%	61,270	37.27%
	7/1/2002	29,150	52,276	23,126	55.76%	62,815	36.82%
	7/1/2003	31,646	53,771	22,125	58.85%	61,435	36.01%
	7/1/2004	33,868	56,331	22,464	60.12%	64,550	34.80%
	7/1/2005	36,527	57,546	21,019	63.48%	65,475	32.10%
	7/1/2006	38,069	62,589	24,520	60.82%	67,051	36.57%
Unclassified Employees Pension	7/1/1997	4,571	N/A	(4,571)	N/A	N/A	N/A
	7/1/1998	4,846	N/A	(4,846)	N/A	N/A	N/A
	7/1/1999	4,837	N/A	(4,837)	N/A	N/A	N/A
	7/1/2000	2,508	N/A	(2,508)	N/A	N/A	N/A
	7/1/2001	N/A	N/A	N/A	N/A	N/A	N/A
	7/1/2002	N/A	N/A	N/A	N/A	N/A	N/A
	7/1/2003	N/A	N/A	N/A	N/A	N/A	N/A
	7/1/2004	N/A	N/A	N/A	N/A	N/A	N/A
	7/1/2005	N/A	N/A	N/A	N/A	N/A	N/A
	7/1/2006	N/A	N/A	N/A	N/A	N/A	N/A

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
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**Schedule of Funding Progress (continued)**  
**(dollars in thousands)**

Plan	Date	Actuarial Valuation of Assets	Actuarial Liability (AAL)- Entry Age	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Firemen's Pension & Relief	7/1/1997	2,913	1,106	(1,807)	263.38%	N/A	N/A
	7/1/1998	2,922	987	(1,935)	296.05%	N/A	N/A
	7/1/1999	3,443	820	(2,623)	419.88%	N/A	N/A
	7/1/2000	4,178	642	(3,536)	650.78%	N/A	N/A
	7/1/2001	4,692	600	(4,092)	782.00%	N/A	N/A
	7/1/2002	5,800	1,187	(4,613)	488.63%	N/A	N/A
	7/1/2003	5,731	561	(5,170)	1021.57%	N/A	N/A
	7/1/2004	6,189	501	(5,688)	1235.30%	N/A	N/A
	7/1/2005	6,677	468	(6,209)	1426.71%	N/A	N/A
	7/1/2006	7,213	387	(6,826)	1863.82%	N/A	N/A
Policemen's Pension & Relief	7/1/1997	433	433	0	0.00%	N/A	N/A
	7/1/1998	384	384	0	0.00%	N/A	N/A
	7/1/1999	334	334	0	0.00%	N/A	N/A
	7/1/2000	282	282	0	0.00%	N/A	N/A
	7/1/2001	302	302	0	0.00%	N/A	N/A
	7/1/2002	226	226	0	0.00%	N/A	N/A
	7/1/2003	0	186	186	0.00%	N/A	N/A
	7/1/2004	0	159	159	0.00%	N/A	N/A
	7/1/2005	0	129	129	0.00%	N/A	N/A
	7/1/2006	1	111	110	0.01%	N/A	N/A
Limited Firemen's Retirement & Relief	7/1/1997	473	473	0	0.00%	N/A	N/A
	7/1/1998	400	400	0	0.00%	N/A	N/A
	7/1/1999	382	382	0	0.00%	N/A	N/A
	7/1/2000	341	341	0	0.00%	N/A	N/A
	7/1/2001	298	298	0	0.00%	N/A	N/A
	7/1/2002	284	284	0	0.00%	N/A	N/A
	7/1/2003	0	130	130	0.00%	N/A	N/A
	7/1/2004	0	123	123	0.00%	N/A	N/A
	7/1/2005	0	128	128	0.00%	N/A	N/A
	7/1/2006	1	108	107	0.01%	N/A	N/A
Limited Policemen's Retirement & Relief	7/1/1997	621	621	0	0.00%	N/A	N/A
	7/1/1998	521	521	0	0.00%	N/A	N/A
	7/1/1999	403	403	0	0.00%	N/A	N/A
	7/1/2000	419	419	0	0.00%	N/A	N/A
	7/1/2001	397	397	0	0.00%	N/A	N/A
	7/1/2002	361	361	0	0.00%	N/A	N/A
	7/1/2003	0	278	278	0.00%	N/A	N/A
	7/1/2004	0	239	239	0.00%	N/A	N/A
	7/1/2005	0	201	201	0.00%	N/A	N/A
	7/1/2006	0	96	96	0.00%	N/A	N/A

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**Schedule of Employer Contributions**

City of Birmingham Retirement & Relief			Firemen's & Policemen's Supplemental		
Fiscal Year	Annual Required	Percentage	Fiscal Year	Annual Required	Percentage
<u>End June 30,</u>	<u>Contribution</u>	<u>Contribution</u>	<u>End June 30,</u>	<u>Contribution</u>	<u>Contribution</u>
1997	9,327,208	100.00%	1997	1,725,118	100.00%
1998	6,621,250	100.00%	1998	1,704,350	100.00%
1999	8,157,000	100.00%	1999	1,734,200	100.00%
2000	7,073,900	100.00%	2000	1,757,550	100.00%
2001	10,151,206	100.00%	2001	2,371,000	100.00%
2002	8,580,579	100.00%	2002	2,756,102	100.00%
2003	9,756,787	100.00%	2003	2,722,342	100.00%
2004	11,290,871	100.00%	2004	2,570,134	100.00%
2005	12,875,198	84.5%	2005	2,647,128	100.00%
2006	13,742,543	82.9%	2006	2,630,520	100.00%

Unclassified Employees' Pension			Firemen's Pension & Relief		
Fiscal Year	Annual Required	Percentage	Fiscal Year	Annual Required	Percentage
<u>End June 30,</u>	<u>Contribution</u>	<u>Contribution</u>	<u>End June 30,</u>	<u>Contribution</u>	<u>Contribution</u>
1997	2,076	100.00%	1997	0	100.00%
1998	0	100.00%	1998	0	100.00%
1999	0	100.00%	1999	0	100.00%
2000	0	100.00%	2000	0	100.00%
2001	0	100.00%	2001	0	100.00%
2002	0	100.00%	2002	0	100.00%
2003	0	100.00%	2003	0	100.00%
2004	0	100.00%	2004	0	100.00%
2005	0	100.00%	2005	0	100.00%
2006	0	100.00%	2006	0	100.00%

Policemen's Pension & Relief			Limited Firemen's Retirement & Relief		
Fiscal Year	Annual Required	Percentage	Fiscal Year	Annual Required	Percentage
<u>End June 30,</u>	<u>Contribution</u>	<u>Contribution</u>	<u>End June 30,</u>	<u>Contribution</u>	<u>Contribution</u>
1997	101,229	100.00%	1997	103,711	100.00%
1998	90,100	100.00%	1998	96,700	100.00%
1999	82,700	100.00%	1999	88,100	100.00%
2000	67,686	100.00%	2000	84,461	100.00%
2001	70,759	100.00%	2001	75,381	100.00%
2002	66,425	100.00%	2002	69,862	100.00%
2003	57,585	100.00%	2003	51,953	100.00%
2004	51,617	100.00%	2004	34,926	100.00%
2005	42,714	100.00%	2005	34,450	100.00%
2006	31,054	100.00%	2006	28,025	100.00%

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
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**Schedule of Employer Contributions (continued)**

<b>Limited Policemen's Retirement &amp; Relief</b>		
<b>Fiscal Year</b>	<b>Annual Required</b>	<b>Percentage</b>
<b><u>End June 30,</u></b>	<b><u>Contribution</u></b>	<b><u>Contribution</u></b>
1997	132,479	100.00%
1998	116,500	100.00%
1999	100,100	100.00%
2000	87,849	100.00%
2001	88,094	100.00%
2002	81,903	100.00%
2003	64,832	100.00%
2004	61,913	100.00%
2005	48,701	100.00%
2006	29,323	100.00%

**Notes to Trend Data - Pension Plans**

	<b>Retirement &amp; Relief System</b>	<b>Firemen's &amp; Policemen's Supplemental</b>	<b>Unclassified Employees' Pension</b>
<b>Actuarial Valuation:</b>			
Frequency	Annual	Annual	Annual
Latest Date	7/1/2006	7/1/2006	7/1/2006
Basis for Contributions	7/1/2006	7/1/2006	7/1/2006
Cost Method	Entry Age Normal	Entry Age Normal	Aggregate *
<b>Amortization:</b>			
Method	Level Dollar	Level Dollar	
Open/Closed	Open/Rolling 30 years	Open/Rolling 30 years	Closed
Equivalent Single Period Remaining	30	30	N/A
Asset Valuation Method	Smoothing=20% of Market Value	Smoothing=20% of Market Value	
<b>Assumptions:</b>			
Investment Earnings	7.50%	7.50%	
Salary Increase:			
Inflation	4%	4%	
Merit, Longevity, etc.	Varies from .00% to 6%	Varies from .00% to 6%	
Mortality Table	1983 GAM	1983 GAM	
Retirements	Table	Table	
Turnover	Table	Table	
Post Retirement Benefits	N/A	N/A	

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
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**Notes to Trend Data - Pension Plans (continued)**

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	<b>Firemen's Pension &amp; Relief</b>	<b>Policemen's Pension &amp; Relief</b>	<b>Limited Firemen's Retirement &amp; Relief</b>	<b>Limited Policemen's Retirement &amp; Relief</b>
<b>Actuarial Valuation:</b>				
Frequency	Annual	Annual	Annual	Annual
Latest Date	7/1/2006	7/1/2006	7/1/2006	7/1/2006
Basis for Contributions	7/1/2006	7/1/2006	7/1/2006	7/1/2006
Cost Method	Funded Frozen Plan	Frozen with Additional Benefit Payments	Frozen with Additional Benefit Payments	Frozen with Additional Benefit Payments
<b>Amortization:</b>				
Method	N/A	N/A	N/A	N/A
Open/Closed	Closed	Closed	Closed	Closed
Equivalent Single Period Remaining	N/A	N/A	N/A	N/A
Asset Valuation Method	N/A	N/A	N/A	N/A
<b>Assumptions:</b>				
Investment Earnings	7%	7%	7%	7%
Salary Increase:				
Inflation	N/A	N/A	N/A	N/A
Merit, Longevity, etc.	N/A	N/A	N/A	N/A
Mortality Table	1971 GAM	1971 GAM	1971 GAM	1971 GAM
Retirements	N/A	N/A	N/A	N/A
Turnover	N/A	N/A	N/A	N/A
Post Retirement Benefits	N/A	N/A	N/A	N/A

\* For the Unclassified Plan, the aggregate actuarial cost method does not identify or separately amortize any unfunded actuarial accrued liabilities.

City of Birmingham, Alabama  
Combining Statement of Fiduciary Net Assets  
Pension Trust Funds  
June 30, 2007  
(in thousands)

	Retirement and Relief System	Firemen's and Policemen's Supplemental Pension System	Firemen's Pension and Relief	Policemen's Pension and Relief	Limited Firemen's Retirement & Relief System	Limited Policemen's Retirement & Relief System	Unclassified Employees Pension & Relief System	Total
<b>ASSETS:</b>								
Cash and cash equivalents	\$82,892	\$2,728	\$7,670	\$1		\$3	\$1,861	\$95,155
Receivables:								
Members	1,853	562						2,415
Member loans	10,685							10,685
Interest and dividends	5,918	253	34				3	6,208
Due from other funds	590	188	252		1			1,031
Investments, at fair value:								
U. S. Government obligations	265,712	16,528						282,240
Domestic corporate bonds	166,672	9,553						176,225
Domestic stocks	437,459	11,059						448,518
<b>TOTAL ASSETS</b>	<b>971,781</b>	<b>40,871</b>	<b>7,956</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>1,864</b>	<b>1,022,477</b>
<b>LIABILITIES</b>								
Accounts payable and other	1,447	110	1	1		3		1,562
<b>NET ASSETS</b>								
Held in trust for future pension benefits	\$970,334	\$40,761	\$7,955	\$0	\$1	\$0	\$1,864	\$1,020,915

City of Birmingham, Alabama  
Combining Statement of Changes in Plan Net Assets  
Pension Trust Funds  
for the Year Ended June 30, 2007  
(in thousands)

	Retirement and Relief System	Firemen's and Policemen's Supplemental Pension System	Firemen's Pension and Relief	Policemen's Pension and Relief	Limited Firemen's Retirement & Relief System	Limited Policemen's Retirement & Relief System	Unclassified Employees Pension & Relief System	Total
<b>ADDITIONS</b>								
Contributions:								
Employer	\$12,039	\$3,599		\$23	\$30	\$20		\$15,711
Plan Members	10,788	3,337					2	14,127
Total contributions	22,827	6,936	0	23	30	20	2	29,838
Investment income:								
Investment earnings	91,193	2,602	283				255	94,333
Securities lending	378							378
	91,571	2,602	283	0	0	0	255	94,711
Less investment expenses	3,657	137						3,794
Net investment income	87,914	2,465	283	0	0	0	255	90,917
Other income	16	2	558					576
Total additions	110,757	9,403	841	23	30	20	257	121,331
<b>DEDUCTIONS</b>								
Benefits	51,300	5,752	97	21	28	18	154	57,370
Refunds of contributions	1,578	357						1,935
Administrative expenses	340	602	2	2	2	2	12	962
Total deductions	53,218	6,711	99	23	30	20	166	60,267
Net increase	57,539	2,692	742	0	0	0	91	61,064
Net assets held in trust for pension benefits:								
Beginning of year	912,795	38,069	7,213		1		1,773	959,851
End of year	\$970,334	\$40,761	\$7,955	\$0	\$1	\$0	\$1,864	\$1,020,915

## OTHER SUPPLEMENTARY INFORMATION

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City of Birmingham, Alabama  
General Fund  
Schedule of Revenues, Expenditures, and Encumbrances  
Budget and Actual  
for the year ended June 30, 2007

Revenues:	Budget	Actual	Over (Under) Budget
<b>Taxes:</b>			
<b>Sales and use:</b>			
Sales	\$86,900	\$86,962	\$62
Use	23,100	22,703	(397)
	<u>110,000</u>	<u>109,665</u>	<u>(335)</u>
<b>Occupational:</b>			
Occupational tax	74,300	75,269	969
<b>Property:</b>			
County tax collection	24,010	24,385	375
County director of revenue	1,700	1,869	169
County tax collector	136	113	(23)
State of Alabama	74	69	(5)
Library .5 mill tax	1,080	1,125	45
	<u>27,000</u>	<u>27,561</u>	<u>561</u>
<b>Total taxes</b>	<u>211,300</u>	<u>212,495</u>	<u>1,195</u>
<b>Licenses and permits:</b>			
<b>Business:</b>			
General	32,800	35,054	2,254
Public utilities	15,530	16,843	1,313
Beer - wholesale	1	1	0
Beer retail	26	25	(1)
Liquor	910	1,006	96
Liquor and wine	140	136	(4)
Table wine tax	190	181	(9)
Lease or rental tax	6,300	6,756	456
	<u>55,897</u>	<u>60,002</u>	<u>4,105</u>
<b>Nonbusiness:</b>			
Building permits	4,317	4,974	657
Electrical inspection fees	75	73	(2)
Elevator permits	0	132	132
Plumbing permits	17	15	(2)
Gas permits	20	16	(4)
Blasting permits	0	1	1
Excavation permits	10	6	(4)
Clearing and earthwork permits	25	23	(2)
Billboard permits	40	60	20
Mechanical permits	20	12	(8)
Dance permits	35	29	(6)
Other	12	6	(6)
	<u>4,571</u>	<u>5,347</u>	<u>776</u>
<b>Total licenses and permits</b>	<u>60,468</u>	<u>65,349</u>	<u>4,881</u>
<b>Fines and forfeitures:</b>			
Municipal court fines	1,660	1,697	37
Traffic citations	1,560	1	(1,559)
Partial payments	836	2,254	1,418
False Alarm Fine	2	6	4
Library	142	160	18
<b>Total fines and forfeitures</b>	<u>4,200</u>	<u>4,118</u>	<u>(82)</u>

City of Birmingham, Alabama  
General Fund  
Schedule of Revenues, Expenditures, and Encumbrances  
Budget and Actual  
for the year ended June 30, 2007

	Budget	Actual	Over (Under) Budget
<b>Intergovernmental revenue:</b>			
<b>Shared from local units:</b>			
County gasoline tax	1,850	1,990	140
County tobacco tax	300	296	(4)
County road tax	2,200	2,542	342
County library contributions	272	272	0
Sales tax on sale of used cars	506	594	88
State-wide uniform beer tax	1,735	1,721	(14)
	<u>6,863</u>	<u>7,415</u>	<u>552</u>
<b>Shared state revenue:</b>			
Bank excise tax	5,635	5,635	0
Motor vehicle license	700	745	45
Share of State liquor profits	200	197	(3)
State table wine tax	2	2	0
Interstate Regulatory Plan registration fees	400	265	(135)
Liquor store sales tax	240	263	23
Alabama trust fund	1,564	1,642	78
Business privilege tax	2,698	1	(2,697)
Oil production privilege tax	35	65	30
	<u>11,474</u>	<u>8,815</u>	<u>(2,659)</u>
<b>Other:</b>			
Civil Defense	27	7	(20)
Industrial Development Board	80	99	19
	<u>107</u>	<u>106</u>	<u>(1)</u>
<b>Total intergovernmental revenue</b>	<u>18,444</u>	<u>16,336</u>	<u>(2,108)</u>
<b>Charges for services:</b>			
<b>Culture and recreation:</b>			
Admission fees	44	51	7
Concessions	170	109	(61)
Parking	320	418	98
Rent	450	577	127
Gifts	13	18	5
Lunches	22	24	2
Miscellaneous	2	55	53
	<u>1,021</u>	<u>1,252</u>	<u>231</u>
<b>Highways and streets:</b>			
Streets, sidewalks, and curbs	7	10	3
Parking meters	1,300	1,281	(19)
Street vacation fees	203	680	477
	<u>1,510</u>	<u>1,971</u>	<u>461</u>
<b>General government:</b>			
Subdivision fees	49	96	47
Zoning fees	10	12	2
Parking authority	5,400	5,110	(290)
Right-Of-Way Fiber Optic Fee	136		(136)
Franchise fees - AT&T	250	249	(1)
	<u>5,845</u>	<u>5,467</u>	<u>(378)</u>

City of Birmingham, Alabama  
General Fund  
Schedule of Revenues, Expenditures, and Encumbrances  
Budget and Actual  
for the year ended June 30, 2007

	Budget	Actual	Over (Under) Budget
(Revenues, Charges for services - continued):			
Public safety:			
Accident and defense reports	200	200	0
Auto storage	480	366	(114)
Auto sales	390	0	(390)
Airport	2,735	2,995	260
E-911 cost reimbursement	2,760	2,358	(402)
Ambulance application fee	2	1	(1)
Advanced life support transportation fees	2,685	3,261	576
Domestic violence fees	40	49	9
Housing Authority	500	383	(117)
Court ordered restoration	3	12	9
Photo lab fees	1	0	(1)
Other	4	42	38
	<u>9,800</u>	<u>9,667</u>	<u>(133)</u>
Sanitation:			
Garbage special services	1	1	0
Junk sales	7	8	1
Landfill charges	400	424	24
	<u>408</u>	<u>433</u>	<u>25</u>
Total general government	<u>16,053</u>	<u>15,567</u>	<u>(486)</u>
Total charges for services	<u>18,584</u>	<u>18,790</u>	<u>206</u>
Other operating revenue:			
Interest earnings:			
On investments	2,800	4,502	1,702
On loans	25	16	(9)
	<u>2,825</u>	<u>4,518</u>	<u>1,693</u>
Other:			
Warrants-airport	25	48	23
Airport lease payments	25	48	23
State Fair Receipts	400	418	18
Rents and royalties	670	1,022	352
Discounts on purchase of stores	4	2	(2)
Commission on toll phones	70	74	4
Adjustment of prior years' encumbrances	665	669	4
Inventory adjustments	0	(406)	(406)
Damage to City property	100	108	8
Expense reimbursement	3	1	(2)
Snack Bar rental	4	4	0
Race track city distribution	380	336	(44)
Race track county distribution	210	186	(24)
Refund of insurance stabilization	400	815	415
Income from recycling	8	13	5
F.E.M.A. reimbursement	0	1,014	1,014
Miscellaneous	589	220	(369)
	<u>3,553</u>	<u>4,572</u>	<u>1,019</u>
Total other operating revenues	<u>6,378</u>	<u>9,090</u>	<u>2,712</u>
Total revenues	<u>319,374</u>	<u>326,178</u>	<u>6,804</u>

City of Birmingham, Alabama  
General Fund  
Schedule of Revenues, Expenditures, and Encumbrances  
Budget and Actual  
for the year ended June 30, 2007

	Budget	Actual	Over (Under) Budget
<b>Expenditures and encumbrances:</b>			
<b>Public safety:</b>			
<b>Police:</b>			
Personnel services	70,029	66,019	(4,010)
Other	8,114	8,744	630
	<u>78,143</u>	<u>74,763</u>	<u>(3,380)</u>
<b>Fire:</b>			
Personnel services	44,268	43,596	(672)
Other	4,818	5,457	639
	<u>49,086</u>	<u>49,053</u>	<u>(33)</u>
<b>Other:</b>			
<b>Engineering</b>			
Personnel services	13,645	12,146	(1,499)
Other	938	1,095	157
	<u>14,583</u>	<u>13,241</u>	<u>(1,342)</u>
<b>Traffic engineering:</b>			
Personnel services	4,703	4,215	(488)
Other	4,165	4,518	353
	<u>8,868</u>	<u>8,733</u>	<u>(135)</u>
<b>Municipal Court:</b>			
Personnel services	3,384	3,244	(140)
Other	232	227	(5)
	<u>3,616</u>	<u>3,471</u>	<u>(145)</u>
<b>Parole Office:</b>			
Personnel services	679	676	(3)
Other	11	4	(7)
	<u>690</u>	<u>680</u>	<u>(10)</u>
<b>Nondepartmental:</b>			
TASC	44	44	0
Police Pension and Relief	40	23	(17)
Limited Police Retirement and Relief	42	20	(22)
Limited Fire Retirement and Relief	35	30	(5)
Police Community Relations	4	4	0
City Action Partnership	10	10	0
Jefferson County Civil Defense	231	230	(1)
Supplemental Retirees	440	470	30
	<u>846</u>	<u>831</u>	<u>(15)</u>
Total other	<u>28,603</u>	<u>26,956</u>	<u>(1,647)</u>
Total public safety	<u>155,832</u>	<u>150,772</u>	<u>(5,060)</u>
<b>Environment and streets:</b>			
<b>Streets and sanitation:</b>			
Personnel services	45,752	42,545	(3,207)
Other	8,030	9,970	1,940
	<u>53,782</u>	<u>52,515</u>	<u>(1,267)</u>
<b>Parking Authority:</b>			
Personnel services	3,652	3,514	(138)
Other	797	1,203	406
	<u>4,449</u>	<u>4,717</u>	<u>268</u>

City of Birmingham, Alabama  
General Fund  
Schedule of Revenues, Expenditures, and Encumbrances  
Budget and Actual  
for the year ended June 30, 2007

	Budget	Actual	Over (Under) Budget
<b>(Expenditures &amp; encumbrances, Environments &amp; streets - continued):</b>			
Nondepartmental:			
Birmingham Cable Television	1	0	(1)
DART	84	84	0
Debt service	6,627	7,789	1,162
B.J.C.T.A.-Ext Fixed Route	679	679	0
B.J.C.T.A.-Hwy 31 Route	15	15	0
B.J.C.T.A.-Para Transit	287	287	0
B.J.C.T.A.-Titusville-Westend	178	178	0
B.J.C.T.A.-Saturday Service	453	453	0
B.J.C.T.A.-Holiday Service	25	25	0
B.J.C.T.A.-Latenite/Wkd	58	58	0
Birmingham Transit Authority	3,302	3,518	216
	<u>11,709</u>	<u>13,086</u>	<u>1,377</u>
Total other	<u>16,158</u>	<u>17,803</u>	<u>1,645</u>
Total environment and streets	<u>69,940</u>	<u>70,318</u>	<u>378</u>
Cultural and recreational:			
Park and recreation:			
Personnel services	6,644	6,412	(232)
Other	2,806	3,408	602
	<u>9,450</u>	<u>9,820</u>	<u>370</u>
Library:			
Personnel services	12,079	11,682	(397)
Other	3,596	3,720	124
	<u>15,675</u>	<u>15,402</u>	<u>(273)</u>
Other:			
Southern Museum of Flight:			
Personnel services	359	317	(42)
Other	183	213	30
	<u>542</u>	<u>530</u>	<u>(12)</u>
Museum:			
Personnel services	1,687	1,620	(67)
Other	1,670	1,724	54
	<u>3,357</u>	<u>3,344</u>	<u>(13)</u>
Auditorium:			
Personnel services	868	839	(29)
Other	286	337	51
	<u>1,154</u>	<u>1,176</u>	<u>22</u>
Arlington:			
Personnel Services	359	328	(31)
Other	205	203	(2)
	<u>564</u>	<u>531</u>	<u>(33)</u>
Sloss Furnace:			
Personnel services	638	641	3
Other	170	158	(12)
	<u>808</u>	<u>799</u>	<u>(9)</u>

City of Birmingham, Alabama  
General Fund  
Schedule of Revenues, Expenditures, and Encumbrances  
Budget and Actual  
for the year ended June 30, 2007

	Budget	Actual	Over (Under) Budget
Nondepartmental:			
Birmingham Historical Society	17	17	0
Jefferson - Blount - St. Clair Mental Health	123	123	0
Ruffner Mountain Agency	71	71	0
Board of Education - Community Schools	50	50	0
Board of Education - Crossing Guards	92	92	0
Board of Education - Recreation Support Program	33	0	(33)
Board of Education - Reading Initiative	200	200	0
Board of Education - Family Education	27	27	0
Board of Education - Coaches & Band Directors	270	270	0
High School football Championships	26	26	0
Alabama Sports Festival	18	18	0
Birmingham Zoo	250	250	0
Southwestern Athletic Conference	584	584	0
Birmingham Bowl	25	25	0
Alabama High School Basketball Championship	24	24	0
Youth Games	20	20	0
Oak Hill Memorial Cemetery	126	126	0
Kids One Transport	35	35	0
YMCA	49	49	0
Alabama Symphony Matching Funds	63	63	0
City Stages	50	50	0
Board of Education-Professional Development	112	112	0
Board of Education-Student Safety Program	180	180	0
JCCEO	99	99	0
Magic City Classic	13	12	(1)
Literacy Council	17	17	0
Birmingham Public Schools BACC Arts	90	90	0
Camp Anytown	18	18	0
African American Arts & Heritage	35	35	0
Space One Eleven	17	17	0
Jefferson County Historical Development Board	7	7	0
Birmingham Youth Program	140	140	0
Veterans Day	4	4	0
Discovery 2000	597	597	0
Youth Services	463	463	0
Housing Authority Community Centers	200	200	0
Southern Intercollegiate Conference	25	25	0
High School Basketball	26	26	0
UAB Football	225	225	0
Rickwood Field	67	67	0
Birmingham Civil Rights Institute	700	700	0
Sister City Program	21	21	0
Alabama State Fair Authority	685	703	18
Smithfield-Bruno Center	14	11	(3)
Festival of Arts	21	21	0
Alabama Symphony	117	117	0
Police Athletic Team	89	89	0
Jazz Hall of Fame	193	193	0
PING Athletic Activities	29	29	0
Function at the Junction	27	27	0
Boys Scouts Leadership Camp	18	18	0
SWAC and MEAC Challenge	25	25	0
Board of Education Workforce Development	100	100	0
Barber Motorsports	63	63	0
Central Alabama Women's Business	15	15	0
Total other	6,605	6,586	(19)
Total cultural and recreational	38,155	38,188	33

City of Birmingham, Alabama  
General Fund  
Schedule of Revenues, Expenditures, and Encumbrances  
Budget and Actual  
for the year ended June 30, 2007

	Budget	Actual	Over (Under) Budget
(Expenditures & encumbrances - continued):			
General government:			
Finance:			
Personnel services	7,109	6,651	(458)
Other	1,649	1,553	(96)
	<u>8,758</u>	<u>8,204</u>	<u>(554)</u>
Municipal Garage:			
Personnel services	4,989	4,749	(240)
Other	386	377	(9)
	<u>5,375</u>	<u>5,126</u>	<u>(249)</u>
Information Management Services:			
Personnel services	4,261	3,855	(406)
Other	1,532	1,491	(41)
	<u>5,793</u>	<u>5,346</u>	<u>(447)</u>
Other:			
City Clerk:			
Personnel services	431	442	11
Other	307	281	(26)
	<u>738</u>	<u>723</u>	<u>(15)</u>
Community Development:			
Personnel services	728	709	(19)
Other	136	132	(4)
	<u>864</u>	<u>841</u>	<u>(23)</u>
Council:			
Personnel services	1,702	1,604	(98)
Other	740	664	(76)
	<u>2,442</u>	<u>2,268</u>	<u>(174)</u>
Legal:			
Personnel services	2,948	2,817	(131)
Other	878	741	(137)
	<u>3,826</u>	<u>3,558</u>	<u>(268)</u>
Mayor's office:			
Personnel services	3,786	3,746	(40)
Other	534	612	78
	<u>4,320</u>	<u>4,358</u>	<u>38</u>
Office of Personnel:			
Personnel services	1,252	1,336	84
Other	599	585	(14)
	<u>1,851</u>	<u>1,921</u>	<u>70</u>
Nondepartmental:			
Unemployment compensation	180	148	(32)
Pensioners health insurance	330	337	7
Employee auto insurance	2	1	(1)
Telephone and telegraph	725	954	229
Telecommunications	93	95	2
Board of Equalization	64	66	2
Consulting Fees	200	199	(1)
Bank custodial service	281	343	62
Communication airtime	370	370	0
Collection Fees	450	450	0
Property reappraisal	797	1,235	438
Insurance - fire, theft, etc.	10	10	0
Employee parking	500	439	(61)
Birmingham Regional Planning Commission	115	115	0
Jefferson County Personnel Board	4,000	4,000	0
Jefferson County Board of Health	1,534	1,534	0
Jefferson County Board of Health DOPEPP	35	35	0
Childcare Resources	20	20	0
Construction Industry Authority	105	105	0

City of Birmingham, Alabama  
General Fund  
Schedule of Revenues, Expenditures, and Encumbrances  
Budget and Actual  
for the year ended June 30, 2007

	Budget	Actual	Over (Under) Budget
(Expenditures & encumbrances, General government, Nondepartmental - continued):			
Alabama Conservancy	10	10	
Birmingham Housing Authority	40	40	0
Birmingham Urban League	65	65	0
Crisis Center	6	6	0
Southeast Police & Fire Championship	11	11	0
R.E.S.P.E.C.T. Organization	7	7	0
Impact Program	24	24	0
Ministerial Brotherhood	18	18	0
Cerebral Palsy	15	15	0
Alcohol and Substance Abuse	16	16	0
Municipal expansion	5	0	(5)
Professional services other	355	283	(72)
National League of Cities	11	11	0
U.S. Conference of Mayors	11	11	0
Alabama League of Municipalities	18	18	0
A. R. C. of Jefferson County	17	17	0
Alcoholism Recovery Service	11	11	0
Summer Youth Jobs	70	70	0
JCCCO-PING	61	61	0
Urban Impact	70	70	0
Birmingham Aids Outreach	30	30	0
Positive Maturity	11	11	0
Birmingham Area Technical Leadership	50	50	0
Village Creek Human Justice	25	25	0
Better Business Bureau of Cent. Alabama	30	30	0
Housing for Mentally Ill	240	240	0
Birmingham Business Network	117	117	0
B.B.R.C. Administration	175	175	0
B.B.R.C. Micro Lending	35	35	0
Development Solution	51	51	0
Metropolitan Development Board	527	527	0
Birmingham Foreign Trade Zone	10	0	(10)
B.C.W.L.D.C.-SBA Micro Loan	27	27	0
Greenwood Cemetery	60	60	0
Lease Purchase Computer Software	834	834	0
Computer System Lease	413	413	0
Kids and Jobs	46	46	0
Board of Education-Cross Town Busing	50	50	0
U. S. Olympic Committee	10	10	0
Vulcan Park Foundation	813	813	0
Civil Rights Activist Committee	35	35	0
Bd of Ed Camp Birmingham	85	85	0
Operation New Birmingham	350	350	0
Health Care for Homeless	59	59	0
Sickle Cell Foundation	21	21	0
Jefferson County Mayor's Association	24	24	0
Local Government Leadership	21	21	0
Auburn Center	6	6	0
Environmental Center	14	14	0
Birmingham Humane Society	668	668	0
Planning and Zoning Commission	7	6	(1)
Aids Task Force of Alabama	70	70	0
PING operating expenses	5	5	0
Birmingham Youth Jazz Ensemble	14	0	(14)
Titusville Development Corporation	50	50	0
Birmingham Regional Medical System	1	1	0
Meals on Wheels	25	25	0
Center for Urban Missions	25	25	0
Clergy That Care	23	23	0
Aids in Minorities	28	28	0
Damage Claims	718	1,516	798
Total nondepartmental	16,455	17,796	1,341
Total other	30,496	31,465	969
Total general government	50,422	50,141	(281)
Total expenditures and encumbrances	\$314,349	\$309,419	(\$4,930)

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

**Federal Revenue Sharing Fund** accounts for funds received and disbursed under Federal Revenue Sharing.

**Community Development Fund** accounts for those funds received and used for Community Urban Development Block Grants.

**HUD Rental Rehabilitation Loan Fund** accounts for funds used for rehabilitation of rental property.

**Birmingham Water Works Proceeds** accounts for funds received by the City from the transfer of the assets of the Water Works and Sewer Board of the City of Birmingham.

**Miscellaneous Grant Fund** accounts for funds arising from miscellaneous grants. Although the funds are consolidated, each grant is accounted for individually.

**Law Enforcement Block Grant** accounts for funds received for reducing crime and improving public safety.

**Mortgage Subsidy Fund** accounts for funds used to subsidize residential mortgages.

**UDAG Repayment Fund** accounts for funds received in repayment of UDAG loans.

**HUD 108 Loan Fund** accounts for funds used for economic development.

**Home Investment Trust Fund** accounts for funds received from Housing and Urban Development to provide loans for low to moderate income housing.

**Other Funds** represent small donations funds used to account for specific donations.

### **Debt Service Funds**

**Tax Increment Financing** accounts for ad valorem taxes received from Jefferson County specifically for the repayment of the debt for the Tax Increment Financing Warrants.

**Tax Increment Reserve** accounts for the funds with the escrow agent for the repayment of the debt for the Tax Increment Financing Warrants.

## **Nonmajor Governmental Funds**

### **Capital Projects Funds**

**Special Assessment Fund** accounts for construction of Public Improvements which are to be paid wholly or in part from assessments levied against the property benefited by the improvements.

**General Obligation Bond Issues** accounts for the expenditure of the proceeds from bond issues that are for capital projects.

**Capital Improvement Fund** accounts for funds derived from specific grants and from current funds used for capital improvements.

**Fuel Tax Fund** accounts for proceeds of a \$ .04 State gasoline tax. The use of these funds is restricted for street projects.

**Highway Improvement Fund** accounts for proceeds of a \$ .07 State gasoline tax. The use of these funds is restricted for street projects.

**Industrial Park Improvement Fund** accounts for proceeds from the sale of industrial park property.

**Capital Improvement General Obligation Warrant Fund** accounts for proceeds of General Obligation Warrants designated for building and construction facilities.

**Street Improvement Warrant Fund** accounts for proceeds of the 1988 and 1992 Street Improvement Warrants.

The remaining funds presented represent the funds used to account for the proceeds from the particular General Obligation Warrant issue.

**1994 General Obligation Warrant Fund**

**1997 General Obligation Warrant Fund**

**1998-A General Obligation Warrant Fund**

**1998-B General Obligation Warrant Fund**

**2004-A General Obligation Warrant Fund**

**Tax Increment Financing Warrants Fund**

**2006-C General Obligation Warrants Fund**

**2007-B General Obligation Warrants Fund**

**2007-A General Obligation Bonds Fund**

City of Birmingham, Alabama  
Combining Balance Sheets  
Nonmajor Governmental Funds  
June 30, 2007  
(in thousands)  
(Page 1 of 2)

<i>Special Revenue Funds</i>												<i>Debt Service Funds</i>		
Federal Revenue Sharing	Community Development	HUD Rental Rehabilitation Loan	Birmingham Water Works Board	Miscellaneous Grants	Law Enforcement Block Grant	Mortgage Subsidy	UDAG Repayment	HUD 108 Loan	Home Investment Trust	Other Funds	<i>Total Special Revenue Funds</i>	Tax Increment Financing	Tax Increment Reserve	<i>Total Debt Service Funds</i>
<b>ASSETS</b>														
Cash and investments	\$874	\$679	\$851	\$27,982	\$1,226		\$4,175	\$4,335	\$181	\$0	\$8,196	\$24		\$24
Cash with escrow agent													1,216	1,216
Receivables:														
Accrued interest receivable	4					19				37	60			
Accrued taxes receivable												1		
Accounts					13				0		13			
Lease obligations											0			
Loans		1,866				328	611				2,805			
Assessments														
Collateral deposited for surety										53	53			
Due from other governments									167		167			
Due from other funds				2	13						15		0	0
<b>TOTAL ASSETS</b>	<b>\$878</b>	<b>\$2,545</b>	<b>\$851</b>	<b>\$27,982</b>	<b>\$1,241</b>	<b>\$13</b>	<b>\$4,522</b>	<b>\$4,946</b>	<b>\$181</b>	<b>\$167</b>	<b>\$8,286</b>	<b>\$25</b>	<b>\$1,216</b>	<b>\$1,241</b>
<b>LIABILITIES AND FUND BALANCE</b>														
<b>LIABILITIES</b>														
Accounts payable					81	11			99		\$191			
Contracts payable		394		208	494		7		65	57	1,225			
Contracts payable-retainage		47		269							316			
Accrued payroll and taxes payable		62			10				3	2	77			
Due to other funds		9			1	2					12			0
Deferred revenue		2,033			655		354	49			3,091			
Other liabilities										55	55			
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>2,545</b>		<b>477</b>	<b>1,241</b>	<b>13</b>	<b>7</b>	<b>354</b>	<b>49</b>	<b>167</b>	<b>4,967</b>	<b>0</b>		<b>0</b>
<b>FUND BALANCES</b>														
Reserved for encumbrances		2,278		382			210	418		188	3,476			
Reserved for future projects	878						4,305	4,174	132	7,984	17,473			
Reserved for debt service												25	1,216	1,241
Unreserved and undesignated (deficit)		(2,278)	851	27,123							25,696			
<b>TOTAL FUND BALANCES</b>	<b>878</b>	<b>0</b>	<b>851</b>	<b>27,505</b>	<b>0</b>	<b>0</b>	<b>4,515</b>	<b>4,592</b>	<b>132</b>	<b>8,172</b>	<b>46,645</b>	<b>25</b>	<b>1,216</b>	<b>1,241</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$878</b>	<b>\$2,545</b>	<b>\$851</b>	<b>\$27,982</b>	<b>\$1,241</b>	<b>\$13</b>	<b>\$4,522</b>	<b>\$4,946</b>	<b>\$181</b>	<b>\$167</b>	<b>\$8,286</b>	<b>\$25</b>	<b>\$1,216</b>	<b>\$1,241</b>

City of Birmingham, Alabama  
Combining Balance Sheets  
Nonmajor Governmental Funds  
June 30, 2007  
(in thousands)  
(Page 2 of 2)

	Capital Projects Funds																		Total Capital Projects Funds	Total Nonmajor Funds
	Special Assessments	General Obligation Bond Issues	Capital Improvement	Fuel Tax	Highway Improvement	Industrial Park Improvement	Capital Improvement Gen. Obli. Warrants	Street Improvement Warrants	1994 General Obligation Warrants	1997 General Obligation Warrants	1998-A General Obligation Warrants	1998-B General Obligation Warrants	2004-A General Obligation Warrants	2006-C General Obligation Warrant	2007-B General Obligation Warrant	2007-A General Obligation Bonds	Tax Increment Financing Warrants			
ASSETS																				
Cash and investments	\$315	\$15,090		\$3,884	\$1,188	\$389	\$3,268	\$1,797	\$712	\$66	\$1,162	\$3,723		\$25,594	\$12,691	\$53,119	\$1,660	\$124,658	\$173,181	
Cash with escrow agent													751					751	1,967	
Receivables:																				
Accrued interest receivable	1	3		17		2	4	3										30	90	
Accrued taxes receivable																				
Accounts				134	217														13	
Lease obligations																			0	
Loans																			2,805	
Assessments	9,211																	9,211	9,211	
Collateral deposited for surety																			53	
Due from other funds			31,871															31,871	31,886	
TOTAL ASSETS	\$9,527	\$15,093	\$31,871	\$4,035	\$1,405	\$391	\$3,272	\$1,800	\$712	\$66	\$1,162	\$3,723	\$751	\$25,594	\$12,691	\$53,119	\$1,660	\$166,872	\$219,725	
LIABILITIES AND FUND BALANCE																				
LIABILITIES																				
Accounts payable	2		7															\$9	\$200	
Contracts payable		108	1,668		39	1	41	173	1			17		9				2,057	3,282	
Contracts payable-retainage		72		48	20			18	39		10							207	523	
Accrued payroll and taxes payable																			77	
Due to other funds																			12	
Deferred revenue	9,112																	9,112	12,203	
Other liabilities																			55	
TOTAL LIABILITIES	9,114	180	1,675	48	59	1	41	191	40	0	10	17	0	9	0	0	0	11,385	16,352	
FUND BALANCES																				
Reserved for encumbrances	64	1,272	2,816	386	611	76	55	100	240		158	394					318	\$6,490	\$9,966	
Reserved for future projects	349	13,641	27,380	3,601	735	314	3,176	1,509	432	66	994	3,312	751	25,585	12,691	53,119	1,342	148,997	166,470	
Reserved for debt service																			1,241	
Unreserved and undesignated (deficit)																			25,696	
TOTAL FUND BALANCES	413	14,913	30,196	3,987	1,346	390	3,231	1,609	672	66	1,152	3,706	751	25,585	12,691	53,119	1,660	155,487	203,373	
TOTAL LIABILITIES AND FUND BALANCES	\$9,527	\$15,093	\$31,871	\$4,035	\$1,405	\$391	\$3,272	\$1,800	\$712	\$66	\$1,162	\$3,723	\$751	\$25,594	\$12,691	\$53,119	\$1,660	\$166,872	\$219,725	

City of Birmingham, Alabama  
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2007  
(in thousands)  
(Page 1 of 2)

	Special Revenue Funds											Debt Service Funds			
	Federal Revenue Sharing	Community Development	HUD Rental Rehabilitation Loan	Birmingham Water Works Proceeds	Miscellaneous Grants	Law Enforcement Block Grant	Mortgage Subsidy	UDAG Repayment	HUD 108 Loan	Home Investment Trust	Other Funds	Total Special Revenue Funds	Tax Increment Financing	Tax Increment Reserve	Total Debt Service Funds
REVENUES															
Taxes													\$715		\$715
Intergovernmental		8,348			6,590					2,878		17,816			
Investment income	30			2,138		14	169	227	6		213	2,797	3	58	61
Other								40	147		4,967	5,154			
TOTAL REVENUES	30	8,348		2,138	6,590	14	169	267	153	2,878	5,180	25,767	718	58	776
EXPENDITURES															
Current:															
Streets and sanitation		525										525			
Cultural and recreation		237									113	350			
General government	2	7,586	114	32,601	6,590		637	954		2,878	1,602	52,964			
Total current operations	2	8,348	114	32,601	6,590		637	954		2,878	1,715	53,839			
Debt service				3,950										1,048	1,048
Capital outlays						138						138			
Bond issue costs															
TOTAL EXPENDITURES	2	8,348	114	36,551	6,590	138	637	954		2,878	1,715	57,927		1,048	1,048
Excess (deficiency) of revenues over (under) expenditures	28		(114)	(34,413)	0	(124)	(468)	(687)	153		3,465	(32,160)	718	(990)	(272)
Other financing sources (uses):															
Proceeds from sale of property															
Issuance of bonds															
Capital leases															
Premiums on issuance of bonds															
Payment to escrow agent															
Operating transfers in												0		727	727
Operating transfers out											(11)		(727)		(727)
Total other financing sources (uses)											(11)	(11)	(727)	727	0
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	28		(114)	(34,413)		(124)	(468)	(687)	153	0	3,454	(32,171)	(9)	(263)	(272)
Fund balances, beginning of year	850	0	965	61,918	0	124	4,983	5,279	(21)	0	4,718	78,816	34	1,479	1,513
Fund balances, end of year	\$878	\$0	\$851	\$27,505	\$0	\$0	\$4,515	\$4,592	\$132	\$0	\$8,172	\$46,645	\$25	\$1,216	\$1,241

City of Birmingham  
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2006  
(in thousands)  
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	<i>Capital Projects Funds</i>																	<i>Total Capital Projects Funds</i>	Total Nonmajor Funds
	Special Assessments	General Obligation Bond Issues	Capital Improvement	Fuel Tax	Highway Improvement	Industrial Park Improvement	Capital Improvement Gen.Obligation Warrants	Street Improvement Warrants	1994 General Obligation Warrants	1997 General Obligation Warrants	1998-A General Obligation Warrants	1998-B General Obligation Warrants	2004-A General Obligation Warrants	2006-C General Obligation Warrant	2007-B General Obligation Warrant	2007-A General Obligation Bonds	Tax Increment Financing Warrants		
REVENUES																			
Taxes																			\$715
Intergovernmental				1,574	3,267													4,841	22,657
Investment income	4	703		131	(9)	23	158	88	54	6	58	180	32	604	120	173	84	2,409	5,267
Other	208																	208	5,362
<b>TOTAL REVENUES</b>	<b>212</b>	<b>703</b>		<b>1,705</b>	<b>3,258</b>	<b>23</b>	<b>158</b>	<b>88</b>	<b>54</b>	<b>6</b>	<b>58</b>	<b>180</b>	<b>32</b>	<b>604</b>	<b>120</b>	<b>173</b>	<b>84</b>	<b>7,458</b>	<b>34,001</b>
EXPENDITURES																			
Current:																			
Streets and sanitation					176			333	563	77							(11)	1,138	1,663
Cultural and recreation																			350
General government																			52,964
Total current operations					176			333	563	77							(11)	1,138	54,977
Debt service				662	2,852							77						3,591	4,639
Capital outlays	8	6,983	13,415	32		524	505				165	228		19	12,374	250		34,503	34,641
Warrant issue costs		8,404												567	1,324	1,477		11,772	11,772
<b>TOTAL EXPENDITURES</b>	<b>8</b>	<b>15,387</b>	<b>13,415</b>	<b>694</b>	<b>3,028</b>	<b>524</b>	<b>505</b>	<b>333</b>	<b>563</b>	<b>77</b>	<b>165</b>	<b>305</b>	<b>0</b>	<b>586</b>	<b>13,698</b>	<b>1,727</b>	<b>(11)</b>	<b>51,004</b>	<b>109,979</b>
Excess (deficiency) of revenues over (under) expenditures	204	(14,684)	(13,415)	1,011	230	(501)	(347)	(245)	(509)	(71)	(107)	(125)	32	18	(13,578)	(1,554)	95	(43,546)	(75,978)
Other financing sources (uses):																		0	0
Proceeds from sale of bonds		148,845												24,740	25,360	117,935		316,880	316,880
Proceeds from sale of property																		0	0
Premiums on issuance of bonds		9,220												827	909	1,344		12,300	12,300
Payment to escrow agent		(149,661)														(64,606)		(214,267)	(214,267)
Operating transfers in			8,071															8,071	8,798
Operating transfers out																		0	(727)
Total other financing sources (uses)		8,404	8,071			0								25,567	26,269	54,673	0	122,984	122,973
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	204	(6,280)	(5,344)	1,011	230	(501)	(347)	(245)	(509)	(71)	(107)	(125)	32	25,585	12,691	53,119	95	79,438	46,995
Fund balances, beginning of year	209	21,193	35,540	2,976	1,116	891	3,578	1,854	1,181	137	1,259	3,831	719				1,565	76,049	156,378
Fund balances, end of year	<b>\$413</b>	<b>\$14,913</b>	<b>\$30,196</b>	<b>\$3,987</b>	<b>\$1,346</b>	<b>\$390</b>	<b>\$3,231</b>	<b>\$1,609</b>	<b>\$672</b>	<b>\$66</b>	<b>\$1,152</b>	<b>\$3,706</b>	<b>\$751</b>	<b>\$25,585</b>	<b>\$12,691</b>	<b>\$53,119</b>	<b>\$1,660</b>	<b>\$155,487</b>	<b>\$203,373</b>

City of Birmingham, Alabama  
Changes in Net Assets  
Last Six Fiscal Years  
(in thousands)

Table A-2  
(1 of 2)

	Fiscal Year Ended June 30,			
	2002	2003	2004	2005
<b>Expenses:</b>				
<b>Governmental activities:</b>				
General government	\$73,183	\$91,771	\$84,411	\$94,662
Public safety	175,491	140,226	138,260	160,097
Streets & sanitation	70,472	93,381	97,657	80,229
Culture & recreation	40,012	41,657	39,359	39,047
Interest on long-term debt	10,633	15,115	13,179	13,000
Total governmental activities expenses	<u>369,791</u>	<u>382,150</u>	<u>372,866</u>	<u>387,035</u>
<b>Business-type activities:</b>				
E-911 Services	<u>3,196</u>	<u>3,168</u>	<u>3,471</u>	<u>3,258</u>
Total primary government expenses	<u>\$372,987</u>	<u>\$385,318</u>	<u>\$376,337</u>	<u>\$390,293</u>
<b>Program Revenues:</b>				
<b>Governmental activities:</b>				
Charges for services	\$72,407	\$72,170	\$74,145	\$76,482
Operating grants and contributions	20,684	13,385	18,051	13,797
Total governmental activities program revenues	<u>93,091</u>	<u>85,555</u>	<u>92,196</u>	<u>90,279</u>
<b>Business-type activities:</b>				
E-911 Services	<u>3,102</u>	<u>3,126</u>	<u>3,058</u>	<u>2,954</u>
Total primary government program revenues	<u>\$96,193</u>	<u>\$88,681</u>	<u>\$95,254</u>	<u>\$93,233</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	(\$276,700)	(\$296,595)	(\$280,670)	(\$296,756)
Business-type activities	<u>(94)</u>	<u>(42)</u>	<u>(413)</u>	<u>(304)</u>
	<u>(\$276,794)</u>	<u>(\$296,637)</u>	<u>(\$281,083)</u>	<u>(\$297,060)</u>
<b>General Revenues and Other Changes in Net Assets:</b>				
<b>Governmental activities:</b>				
<b>Taxes:</b>				
Sales and use taxes	\$103,834	\$101,434	\$100,608	\$107,271
Occupational taxes	63,051	64,522	65,537	69,346
Property taxes	42,058	42,858	48,596	50,618
Unrestricted grants and contributions	18,101	18,249	18,434	21,618
Investment earnings	17,647	18,023	9,304	12,562
Other	25,817	18,006	6,563	7,682
Total governmental activities	<u>270,508</u>	<u>263,092</u>	<u>249,042</u>	<u>269,097</u>
<b>Business-type activities:</b>				
Investment earnings	<u>44</u>	<u>29</u>	<u>22</u>	<u>34</u>
Total primary government	<u>\$270,552</u>	<u>\$263,121</u>	<u>\$249,064</u>	<u>\$269,131</u>
<b>Change (decrease) in Net Assets:</b>				
Governmental activities	(\$6,192)	(\$33,503)	(\$31,628)	(\$27,659)
Business-type activities	<u>(50)</u>	<u>(13)</u>	<u>(391)</u>	<u>(270)</u>
Total primary government	<u>(\$6,242)</u>	<u>(\$33,516)</u>	<u>(\$32,019)</u>	<u>(\$27,929)</u>

Source: City Finance Department Data

City of Birmingham, Alabama  
Changes in Net Assets  
Last Six Fiscal Years  
(in thousands)

Table A-2  
(2 of 2)

	2006	2007
<b>Expenses:</b>		
<b>Governmental activities:</b>		
General government	\$122,163	\$106,000
Public safety	181,014	163,704
Streets & sanitation	68,749	95,381
Culture & recreation	38,547	42,222
Interest on long-term debt	22,414	23,989
Total governmental activities expenses	<u>432,887</u>	<u>431,296</u>
<b>Business-type activities:</b>		
E-911 Services	<u>3,157</u>	<u>3,196</u>
<b>Total primary government expenses</b>	<u><u>\$436,044</u></u>	<u><u>\$434,492</u></u>
<b>Program Revenues:</b>		
<b>Governmental activities:</b>		
Charges for services	\$80,491	\$85,899
Operating grants and contributions	8,221	18,606
Total governmental activities program revenues	<u>88,712</u>	<u>104,505</u>
<b>Business-type activities:</b>		
E-911 Services	<u>2,998</u>	<u>3,156</u>
<b>Total primary government program revenues</b>	<u><u>\$91,710</u></u>	<u><u>\$107,661</u></u>
<b>Net (Expense)/Revenue</b>		
Governmental activities	(\$344,175)	(\$326,791)
Business-type activities	<u>(159)</u>	<u>(40)</u>
	<u><u>(\$344,334)</u></u>	<u><u>(\$326,831)</u></u>
<b>General Revenues and Other Changes in Net Assets:</b>		
<b>Governmental activities:</b>		
<b>Taxes:</b>		
Sales and use taxes	\$109,085	\$109,665
Occupational taxes	72,297	75,269
Property taxes	52,669	54,920
Unrestricted grants and contributions	19,585	23,853
Investment earnings	10,834	21,168
Other	10,189	12,736
Total governmental activities	<u>274,659</u>	<u>297,611</u>
<b>Business-type activities:</b>		
Investment earnings	<u>39</u>	<u>102</u>
<b>Total primary government</b>	<u><u>\$274,698</u></u>	<u><u>\$297,713</u></u>
<b>Change (decrease) in Net Assets:</b>		
Governmental activities	(\$69,516)	(\$29,180)
Business-type activities	<u>(120)</u>	<u>62</u>
Total primary government	<u><u>(\$69,636)</u></u>	<u><u>(\$29,118)</u></u>

Source: City Finance Department Data

**City of Birmingham, Alabama**  
**Fund Balances, Governmental Funds**  
**Last Six Fiscal Years**  
**(in thousands)**

Table A-3

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>General Fund</b>						
Reserved	\$6,193	\$6,892	\$5,417	\$13,969	\$7,584	\$10,448
Unreserved	<u>85,653</u>	<u>81,120</u>	<u>78,316</u>	<u>60,209</u>	<u>70,389</u>	<u>85,368</u>
<b>Total general fund</b>	<u><u>\$91,846</u></u>	<u><u>\$88,012</u></u>	<u><u>\$83,733</u></u>	<u><u>\$74,178</u></u>	<u><u>\$77,973</u></u>	<u><u>\$95,816</u></u>
<b>Other Governmental Funds:</b>						
Reserved, reported in:						
Special revenue funds	\$102,791	\$267,364	\$250,697	\$216,063	\$160,123	\$134,246
Debt service funds	64,356	64,246	61,310	53,097	46,674	45,394
Capital projects funds	<u>85,732</u>	<u>132,461</u>	<u>106,470</u>	<u>99,964</u>	<u>76,151</u>	<u>155,487</u>
	<u>252,879</u>	<u>464,071</u>	<u>418,477</u>	<u>369,124</u>	<u>282,948</u>	<u>335,127</u>
Unreserved, reported in:						
Special revenue funds	(3,522)	(2,351)	(3,618)	(2,663)	(1,744)	(2,278)
Debt service funds	(1,738)	(2,889)	(274)			
Capital projects funds	<u>(5,260)</u>	<u>(5,240)</u>	<u>(502)</u>	<u>(731)</u>	<u>(102)</u>	<u>(2,278)</u>
	<u>(5,260)</u>	<u>(5,240)</u>	<u>(4,394)</u>	<u>(3,394)</u>	<u>(1,846)</u>	<u>(2,278)</u>
<b>Total other governmental funds</b>	<u><u>\$247,619</u></u>	<u><u>\$458,831</u></u>	<u><u>\$414,083</u></u>	<u><u>\$365,730</u></u>	<u><u>\$281,102</u></u>	<u><u>\$332,849</u></u>

Source: City Finance Department Data

City of Birmingham, Alabama  
Changes in Fund Balances, Governmental Funds  
Last Six Fiscal Years  
(in thousands)

Table A-4

	2002	2003	2004	2005	2006	2007
<b>REVENUES:</b>						
Taxes	\$208,943	\$208,814	\$214,741	\$227,235	\$234,051	\$239,854
Licenses and permits	51,743	50,758	52,776	55,622	60,564	65,349
Intergovernmental	38,785	31,568	30,428	33,699	39,273	41,669
Charges for services	15,806	16,300	16,776	16,119	15,746	16,432
Fines and forfeitures	4,858	5,112	4,593	4,741	4,181	4,118
Investment income	17,648	18,038	9,304	12,562	10,834	21,168
Other operating revenues	16,642	16,752	7,213	6,862	5,471	9,934
<b>TOTAL REVENUES</b>	<b>354,425</b>	<b>347,342</b>	<b>335,831</b>	<b>356,840</b>	<b>370,120</b>	<b>398,524</b>
<b>EXPENDITURES:</b>						
Current:						
Public safety	131,523	136,268	137,803	140,215	145,688	148,485
Street and sanitation	68,485	71,283	71,401	77,573	68,483	64,359
Cultural and recreational	38,741	40,429	38,138	37,854	38,547	40,752
General government	71,718	87,219	81,859	91,708	126,133	102,804
Other	3,585	1,852			416	242
Total current operations	314,052	337,051	329,201	347,350	379,267	356,642
Debt service:						
Principal	10,835	24,041	9,345	19,457	23,669	24,918
Interest	16,462	17,528	16,350	18,180	15,975	20,508
Total debt service	27,297	41,569	25,695	37,637	39,644	45,426
Capital outlays	47,827	32,405	53,474	31,079	38,075	34,641
Warrant/Bond issue costs	2,132	2,604	545	217	541	11,772
<b>TOTAL EXPENDITURES</b>	<b>391,308</b>	<b>413,629</b>	<b>408,915</b>	<b>416,283</b>	<b>457,527</b>	<b>448,481</b>
Excess (deficiency) of revenues over (under) expenditures	(36,883)	(66,287)	(73,084)	(59,443)	(87,407)	(49,957)
Other financing sources (uses):						
Proceeds from sale of property	5,017	197,000	568	887	4,812	4,634
Issuance of warrants/bonds	139,475	135,735	23,490	8,985	28,230	316,880
Capital lease		4,409		431	1,845	
Premiums/(discounts) on warrants/bonds	6,721	6,035		(35)	1,767	12,300
Payment to escrow agent	(144,064)	(69,514)		(8,733)	(30,080)	(214,267)
Transfers in	38,819	229,415	32,809	63,764	49,221	40,559
Transfers out	(38,819)	(229,415)	(32,809)	(63,764)	(49,221)	(40,559)
Net other financing sources	7,149	273,665	24,058	1,535	6,574	119,547
Net change in fund balances	(29,734)	207,378	(49,026)	(57,908)	(80,833)	69,590
Fund balances, beginning of year	369,199	339,465	546,842	497,816	439,908	359,075
Fund balances, end of year	<u>\$339,465</u>	<u>\$546,843</u>	<u>\$497,816</u>	<u>\$439,908</u>	<u>\$359,075</u>	<u>\$428,665</u>

Source: City Finance Department Data

City of Birmingham, Alabama  
Sales and Use Tax Revenues  
Last Six Fiscal Years  
(dollars in thousands)

Table B-1

	2002	2003	2004	2005	2006	2007
Sales and Use Tax Revenue	\$103,834	\$101,834	\$100,608	\$107,271	\$109,085	\$109,665
Percentage Change from Prior Year	-2.36%	-1.93%	-1.20%	6.62%	1.69%	0.53%

Breakdown of Sales/Use Tax By Industry Type:

Apparel	5,583	6,150	5,594	5,950	5,001	6,298
Automotive, RV's, Motor Homes	10,290	10,150	9,419	9,154	8,581	9,951
Building & Construction Related	8,710	8,976	10,013	11,103	10,241	11,836
Communications	1,505	1,506	1,794	1,481	1,520	1,886
Equipment & Machinery	8,262	8,228	9,422	9,633	8,636	10,680
Food and Restaurants	20,135	19,680	18,809	18,436	16,239	18,661
Furniture and Furnishings	2,145	2,409	2,261	2,457	2,154	2,804
Insurance, Finance, Real Estate	951	673	1,022	811	459	528
Medical	1,889	2,262	2,874	2,418	1,332	1,647
Personal Services, Entertainment	8,624	7,869	7,891	7,508	6,483	7,615
All Other Industries	35,740	33,531	31,509	38,320	48,439	37,759
	103,834	101,434	100,608	107,271	109,085	109,665

The City of Birmingham imposes a 1% sales tax on the retail sales of automotive vehicles, house trailers, and mobile home set-up materials and supplies; a 1% sales tax on the retail sales of machines, machinery, or equipment used in mining, quarrying, compounding, processing, and manufacturing tangible personal property; a 3% sales tax on the retail sales of other tangible personal property.

Source: City of Birmingham Revenue Division

**City of Birmingham, Alabama**  
**Sales and Use Tax Revenues to Total Taxes**  
**Last Six Fiscal Years**  
**(dollars in thousands)**

Table B-2

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Breakdown of Tax Revenues:</b>						
Sales and Use Tax	\$ 103,834	\$ 101,434	\$ 100,608	\$ 107,271	\$ 109,085	\$ 109,665
Occupational Tax	63,051	64,522	65,537	69,346	72,297	75,269
Property Tax	42,058	42,858	48,596	50,618	52,669	54,920
	<u>\$ 208,943</u>	<u>\$ 208,814</u>	<u>\$ 214,741</u>	<u>\$ 227,235</u>	<u>\$ 234,051</u>	<u>\$ 239,854</u>
% of Sales & Use to Total Taxes	49.69%	48.58%	46.85%	47.21%	46.61%	45.72%

Source: Finance Department Data

**City of Birmingham, Alabama  
Ratios of Outstanding Debt by Type  
Last Six Fiscal Years**

**Table C-1**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>General Obligation Warrants</b>	<b>Revenue Warrants</b>	<b>Capital Leases</b>	<b>Total</b>	<b>Personal Income</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
2002	295,100,000	213,870,000	13,000,000	11,432,000	533,402,000	3,803,289,660	14.02%	\$2,197
2003	354,000,000	196,060,000	13,000,000	11,442,000	574,502,000	3,803,289,660	15.11%	\$2,366
2004	344,655,000	212,695,000	13,000,000	0	570,350,000	3,803,289,660	15.00%	\$2,349
2005	325,340,000	205,935,000	12,430,000	417,000	544,122,000	3,803,289,660	14.31%	\$2,241
2006	309,920,000	197,435,000	11,835,000	2,094,000	521,284,000	3,803,289,660	13.71%	\$2,147
2007	537,750,000	237,885,000	11,210,000	1,690,000	788,535,000	3,803,289,660	20.73%	\$3,247

Source: City Finance Department data

Personal income computed from 2000 census population and per capita income data (see table D-1).

**City of Birmingham, Alabama**  
**Ratio of Net General Obligation Bonded Debt to**  
**Assessed Value and Net Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

Table C-2

Fiscal Year	Population		Assessed Value *	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt per Capita
	Census Year	Number						
1997	1990	265,968	1,715,561,180	427,255,000	66,217,000	361,038,000	21.04%	\$1,357
1998	1990	265,968	1,840,047,341	449,855,000	63,970,000	385,885,000	20.97%	\$1,451
1999	1990	265,968	2,293,311,948	485,510,000	60,754,000	424,756,000	18.52%	\$1,597
2000	2000	242,820	2,150,472,432	539,555,000	58,724,000	480,831,000	22.36%	\$1,980
2001	2000	242,820	2,197,436,352	521,970,000	60,704,000	461,266,000	20.99%	\$1,900
2002	2000	242,820	2,271,867,532	563,060,000	59,400,000	503,660,000	22.17%	\$2,074
2003	2000	242,820	2,422,011,707	570,350,000	58,850,000	511,500,000	21.12%	\$2,106
2004	2000	242,820	2,515,810,000	543,705,000	51,208,000	492,497,000	19.58%	\$2,028
2005	2000	242,820	2,567,735,000	519,190,000	45,161,000	474,029,000	18.46%	\$1,952
2006	2000	242,820	2,783,467,000	602,845,000	44,153,000	558,692,000	20.07%	\$2,301

\* Source: Jefferson County Tax Assessor

City of Birmingham, Alabama  
Assessed Value and Estimated True Value of All Taxable Property  
Last Ten Fiscal Periods  
(dollars in thousands)

Table C-3

Assessment Date October 1,	Real Property *		Personal Property *		Automobile **		Total Assessed Value	Total Estimated True Value	Ratio of Assessed Value to Estimated True Value
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value			
1997	1,201,575	7,006,392	386,870	1,934,235	143,375	955,835	1,731,820	9,896,462	17.50%
1998	1,245,579	7,221,650	465,625	2,327,559	128,843	858,953	1,840,047	10,408,162	17.68%
1999	1,483,666	8,269,172	634,398	3,171,990	175,248	1,168,318	2,293,312	12,609,480	18.19%
2000	1,492,553	8,766,013	442,548	2,212,740	215,371	1,435,807	2,150,472	12,414,560	17.32%
2001	1,481,383	8,738,667	459,883	2,299,375	256,170	1,708,655	2,197,436	12,746,697	17.24%
2002	1,527,622	8,988,867	491,702	2,458,367	252,544	1,683,624	2,271,868	13,130,858	17.30%
2003	1,674,340	10,542,808	496,546	2,482,650	251,126	1,674,170	2,422,012	14,699,628	16.48%
2004	1,776,272	11,123,810	489,175	2,445,835	250,363	1,669,088	2,515,810	15,238,733	16.51%
2005	1,821,769	11,612,895	479,231	2,396,157	266,735	1,778,233	2,567,735	15,787,286	16.26%
2006	1,983,605	14,118,995	514,362	2,571,800	285,500	1,903,333	2,783,467	18,594,128	14.97%

Ad valorem taxes are assessed and collected for the City of Birmingham by Jefferson and Shelby Counties

\* Source: Tax Assessors for Jefferson and Shelby Counties

\*\* Source: Directors of Revenue, Jefferson and Shelby Counties

Property is assessed on the following basis:

Class I-Public Utility	30%
Class II-Commercial	20%
Class III-Residential	10%
Class IV-Automobile	15%

City of Birmingham, Alabama  
Schedule of Direct and Overlapping Debt  
Last Six Fiscal Years

Table C-4

	2002	2003	2004	2005	2006	2007
<b><u>Direct Debt</u></b>						
City of Birmingham:						
Gross bonded debt and warrants outstanding	\$521,970,000	\$563,060,000	\$570,350,000	\$543,705,000	\$519,190,000	\$602,845,000
Less debt service funds net assets	(60,704,000)	(59,400,000)	(58,850,000)	(51,208,000)	(45,161,000)	(44,153,000)
Direct Debt	461,266,000	503,660,000	511,500,000	492,497,000	\$474,029,000	\$558,692,000
<b><u>Overlapping Debt</u></b>						
Jefferson County, Alabama overlapping debt <sup>1</sup>	284,550,853	268,230,000	297,830,000	330,825,000	1,359,650,000	293,670,000
Jefferson County Board of Education <sup>2</sup>	165,128,164	165,128,164	159,346,848	157,007,440	139,582,778	131,988,842
Total bonds and warrants outstanding	449,679,017	433,358,164	457,176,848	487,832,440	1,499,232,778	425,658,842
% of debt applicable to City of Birmingham	36.40%	36.40%	36.40%	36.40%	36.40%	36.40%
City of Birmingham Debt Burden	163,683,162	157,742,372	166,412,373	177,571,008	545,720,731	154,939,818
Shelby County, Alabama					46,550,000	46,550,000
Shelby County, Alabama Board of Education <sup>3</sup>	151,920,508	144,480,138	136,971,563	129,813,760	115,415,272	161,418,000
	151,920,508	144,480,138	136,971,563	129,813,760	161,965,272	207,968,000
% of debt applicable to City of Birmingham	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
City of Birmingham Debt Burden	2,278,808	2,167,202	2,054,573	1,947,206	2,429,479	3,119,520
Total Direct and Overlapping Debt	\$627,227,970	\$663,569,574	\$679,966,946	\$672,015,215	\$1,022,179,210	\$716,751,338

The debt for schools of the Board of Education of the City of Birmingham, Alabama, is included in the City's general obligation debt shown above.

The figures for Jefferson County, the Jefferson County Board of Education, and the Shelby County Board of Education are for their fiscal years ended 9/30/05.

<sup>1</sup> All of the gross debt of Jefferson County is payable from one of several specially pledged revenues, each of which produces a substantial margin of revenue above the necessary debt service requirements.  
Source: Jefferson County Director of Finance

<sup>2</sup> The entire debt of the Jefferson County Board of Education is paid by appropriations from their General Fund. No portion of this debt is paid from the school funds of the City of Birmingham.  
Source: Jefferson County Board of Education

<sup>3</sup> All of the gross debt of Shelby County is payable from one of several specially pledged revenues, each of which produces a substantial margin of revenue above the necessary debt service requirements.  
Source: Shelby County Director of Finance Education

**City of Birmingham, Alabama**  
**Property Taxes - Direct and Overlapping Governments**

Table C-5

City of Birmingham and Jefferson and Shelby Counties  
(Per \$100 of Assessed Value)  
Last Ten Fiscal Years

Fiscal Year	City of Birmingham					Jefferson County				
	General Fund	Debt Service Fund	Board of Education Fund	Library	Total	County	County Schools	Total	State of Alabama	Total Tax
1997	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
1998	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
1999	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2000	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2001	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2002	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2003	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2004	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2005	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2006	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95

Source: Jefferson County Tax Assessor

Fiscal Year	City of Birmingham					Shelby County				
	General Fund	Debt Service Fund	Board of Education Fund	Library	Total	County	County Schools	Total	State of Alabama	Total Tax
1997	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
1998	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
1999	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2000	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2001	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2002	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2003	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2004	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2005	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2006	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22

Source: Shelby County Tax Assessor

**City of Birmingham, Alabama  
Legal Debt Margin  
Last Six Fiscal Years**

Table C-6

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Assessed value of real and personal property <sup>1</sup>	<u>\$2,197,436,352</u>	<u>\$2,150,472,432</u>	<u>\$2,422,011,707</u>	<u>\$2,515,810,000</u>	<u>\$2,567,735,000</u>	<u>\$2,783,467,000</u>
Debt limit, 20% of assessed property value (see note below)	439,487,270	430,094,486	484,402,341	503,162,000	513,547,000	556,693,400
Outstanding general obligation bonds and warrants	521,970,000	563,060,000	570,350,000	543,705,000	519,190,000	602,845,000
Less exemption for schools and sewer bonds	(192,349,000)	(201,509,000)	(178,171,623)	(189,122,423)	(178,483,266)	(178,766,338)
Less debt service fund balances	<u>(60,704,000)</u>	<u>(59,400,000)</u>	<u>(58,850,000)</u>	<u>(51,208,000)</u>	<u>(45,161,000)</u>	<u>(44,153,000)</u>
Net outstanding general obligation bonds and warrants	<u>268,917,000</u>	<u>302,151,000</u>	<u>333,328,377</u>	<u>303,374,577</u>	<u>295,545,734</u>	<u>379,925,662</u>
Legal debt margin	<u>\$170,570,270</u>	<u>\$127,943,486</u>	<u>\$151,073,964</u>	<u>\$199,787,423</u>	<u>\$218,001,266</u>	<u>\$176,767,738</u>

<sup>1</sup> Source: Jefferson County Tax Assessor and Department of Revenue

Note: Section 225, as amended, of the Constitution of the State of Alabama, limits debt of the City of Birmingham to 20% of the assessed value of taxable property. Excluded from this limitation are bonds issued for schools and sewers.

**City of Birmingham, Alabama**  
**Property Taxes Levied and Collected for**  
**Birmingham, Jefferson and Shelby Counties**  
**Last Ten Fiscal Years**

**Table C-7**

<b>City of Birmingham</b>				
<b>Beginning October 1</b>	<b>Assessed Valuation</b>	<b>Total Taxes Levied</b>	<b>Uncollectible at Sale Date</b>	
			<b>Amount</b>	<b>Percentage</b>
1997	1,588,444,600	39,343,333	234,158	0.60%
1998	1,711,204,381	42,226,013	278,750	0.66%
1999	2,118,433,717	51,753,527	203,417	0.39%
2000	1,935,101,332	47,038,556	234,328	0.50%
2001	1,942,139,212	50,637,230	365,764	0.72%
2002	1,929,418,765	52,780,331	679,324	1.29%
2003	2,170,886,167	59,048,850	692,802	1.17%
2004	2,265,446,818	61,440,447	362,036	0.59%
2005	2,301,000,783	62,890,413	504,279	0.80%
2006	2,498,447,476	67,656,797	532,474	0.79%

<b>Jefferson County</b>				
<b>Beginning October 1</b>	<b>Assessed Valuation</b>	<b>Total Taxes Levied</b>	<b>Uncollectible at Sale Date</b>	
			<b>Amount</b>	<b>Percentage</b>
1997	4,431,527,963	265,673,868	687,408	0.26%
1998	4,647,424,025	284,182,209	892,304	0.31%
1999	5,684,682,452	349,807,893	633,356	0.18%
2000	5,523,608,900	340,759,254	897,388	0.26%
2001	5,596,211,994	351,730,297	1,169,066	0.33%
2002	5,771,213,901	365,507,555	2,879,114	0.79%
2003	6,506,073,106	420,329,739	2,610,384	0.62%
2004	6,355,450,405	445,840,218	1,523,732	0.34%
2005	6,692,146,321	469,456,560	2,180,748	0.46%
2006	7,236,058,226	509,403,085	2,293,305	0.45%

<b>Shelby County</b>				
<b>Beginning October 1</b>	<b>Assessed Valuation</b>	<b>Total Taxes Levied</b>	<b>Uncollectible at Sale Date</b>	
			<b>Amount</b>	<b>Percentage</b>
1997	1,074,185,000	43,834,362	1,135,602	2.59%
1998	1,172,999,000	56,556,936	1,645,171	2.91%
1999	1,435,400,100	71,537,000	2,201,200	3.08%
2000	1,478,400,100	77,733,000	194,700	0.25%
2001	1,595,590,500	80,076,800	1,720,600	2.15%
2002	1,688,065,200	84,633,100	2,048,200	2.42%
2003	1,754,022,160	104,069,970	347,557	0.33%
2004	1,874,130,720	110,323,626	253,097	0.23%
2005	2,339,693,320	109,863,446	371,368	0.34%
2006	2,552,332,600	134,938,720	556,708	0.41%

Source: Jefferson County and Shelby County Tax Assessors and Tax Collectors

**City of Birmingham, Alabama**  
**Property Taxes Levied and Collected for**  
**Birmingham, Jefferson and Shelby Counties**  
**Last Ten Fiscal Years**

**Table C-7**

<b>City of Birmingham</b>				
<b>Beginning October 1</b>	<b>Assessed Valuation</b>	<b>Total Taxes Levied</b>	<b>Uncollectible at Sale Date</b>	
			<b>Amount</b>	<b>Percentage</b>
1997	1,588,444,600	39,343,333	234,158	0.60%
1998	1,711,204,381	42,226,013	278,750	0.66%
1999	2,118,433,717	51,753,527	203,417	0.39%
2000	1,935,101,332	47,038,556	234,328	0.50%
2001	1,942,139,212	50,637,230	365,764	0.72%
2002	1,929,418,765	52,780,331	679,324	1.29%
2003	2,170,886,167	59,048,850	692,802	1.17%
2004	2,265,446,818	61,440,447	362,036	0.59%
2005	2,301,000,783	62,890,413	504,279	0.80%
2006	2,498,447,476	67,656,797	532,474	0.79%

<b>Jefferson County</b>				
<b>Beginning October 1</b>	<b>Assessed Valuation</b>	<b>Total Taxes Levied</b>	<b>Uncollectible at Sale Date</b>	
			<b>Amount</b>	<b>Percentage</b>
1997	4,431,527,963	265,673,868	687,408	0.26%
1998	4,647,424,025	284,182,209	892,304	0.31%
1999	5,684,682,452	349,807,893	633,356	0.18%
2000	5,523,608,900	340,759,254	897,388	0.26%
2001	5,596,211,994	351,730,297	1,169,066	0.33%
2002	5,771,213,901	365,507,555	2,879,114	0.79%
2003	6,506,073,106	420,329,739	2,610,384	0.62%
2004	6,355,450,405	445,840,218	1,523,732	0.34%
2005	6,692,146,321	469,456,560	2,180,748	0.46%
2006	7,236,058,226	509,403,085	2,293,305	0.45%

<b>Shelby County</b>				
<b>Beginning October 1</b>	<b>Assessed Valuation</b>	<b>Total Taxes Levied</b>	<b>Uncollectible at Sale Date</b>	
			<b>Amount</b>	<b>Percentage</b>
1997	1,074,185,000	43,834,362	1,135,602	2.59%
1998	1,172,999,000	56,556,936	1,645,171	2.91%
1999	1,435,400,100	71,537,000	2,201,200	3.08%
2000	1,478,400,100	77,733,000	194,700	0.25%
2001	1,595,590,500	80,076,800	1,720,600	2.15%
2002	1,688,065,200	84,633,100	2,048,200	2.42%
2003	1,754,022,160	104,069,970	347,557	0.33%
2004	1,874,130,720	110,323,626	253,097	0.23%
2005	2,339,693,320	109,863,446	371,368	0.34%
2006	2,552,332,600	134,938,720	556,708	0.41%

Source: Jefferson County and Shelby County Tax Assessors and Tax Collectors

City of Birmingham, Alabama  
Principal Property Taxpayers  
Current Fiscal Year and Nine Years Prior

Table C-8

Assessed Entity	Fiscal Year Ended June 30, 2007			Fiscal Year Ended June 30, 1998		
	Total Assessed	Rank	% of Total Property Taxes Collected	Total Assessed	Rank	% of Total Property Taxes Collected
	Value of Property Within City Limits			Value of Property Within City Limits		
Alabama Power Company	\$112,625,760	1	4.51%	\$85,645,340	1	5.45%
Bellsouth Telecommunications	60,234,080	2	2.41%	68,080,540	2	4.33%
American Cast Iron & Pipe Company	40,058,905	3	1.60%	17,350,095	6	1.10%
HealthSouth Corporation	21,191,160	4	0.85%	12,361,168	4	0.79%
Chase Bank of Texas NA	19,497,660	5	0.78%			0.96%
Murray-Ash Plaza, Inc.	18,418,320	6	0.74%	15,070,742	5	
Alabama Gas Corporation	17,555,140	7	0.70%	12,033,820	7	0.77%
Tish Robert Preston	15,385,780	8	0.62%			
Birmingham Logistics	11,895,400	9	0.48%			
Tomorrow 35 Federal LP	11,282,686	10	0.45%			
A T & T Communications				22,193,360	3	1.41%
Big B Inc				8,734,252	8	0.42%
HealthSouth Aviation				7,369,200	9	0.38%
Century Plaza Partnership				6,741,790	10	15.61%
	<u>\$328,144,891</u>		<u>13.14%</u>	<u>\$255,580,307</u>		<u>13.84%</u>

Source: Jefferson and Shelby Counties Tax Collectors

**City of Birmingham, Alabama  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

**Table D-1**

<b>Year</b>	<b>Population</b>	<b>Average Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
1998	265,968	32,037	13,322	2.8%
1999	265,968	31,851	15,663	3.1%
2000	242,820	31,851	15,663	5.6%
2001	242,820	31,851	15,663	6.4%
2002	242,820	31,851	15,663	7.8%
2003	242,820	31,851	15,663	8.5%
2004	242,820	31,851	15,663	8.2%
2005	242,820	31,851	15,663	5.0%
2006	242,820	31,851	15,663	4.7%
2007	242,820	31,851	15,663	3.7%

Population figures based on 1990 and 2000 census

Unemployment rates source: Alabama Department of Industrial Relations

Personal income and per capital personal income source: U. S. Bureau  
of the Census 1990 and 2000

City of Birmingham MSA  
Principal Employers  
Current Fiscal Year and Nine Years Ago

Table D-2

Employer	2007			1998		
	# of Employees	Rank	% of Total City Employment	# of Employees	Rank	% of Total City Employment
University of Alabama in Birmingham	18,750	1	3.52%	14,797	1	3.25%
A T & T	5,485	2	1.03%	5,059	8	1.11%
Regions Bank	5,000	3	0.94%			
Birmingham Board of Education	5,000	4	0.94%	4,500	10	0.99%
City of Birmingham	4,989	5	0.94%	4,606	9	1.01%
Jefferson County Board of Education	4,800	6	0.90%	5,386	6	1.18%
Jefferson County Schools Public Education Ftd.	4,800	7	0.90%			
Honda Manufacturing of Alabama	4,500	8	0.84%			
Baptist Health System, Inc.	4,000	9	0.75%	6,580	4	1.45%
Mercedes-Benz U. S. International Inc.	4,000	10	0.75%			
U. S. Government				8,934	2	1.96%
State of Alabama				7,900	3	1.74%
Bruno's Inc.				6,190	5	1.36%
SouthTrust Bank				5,200	7	1.14%
	61,324		11.51%	69,152		15.19%

Source: Birmingham Regional Chamber of Commerce

City of Birmingham, Alabama  
Full-Time Equivalent City Employees by Function/Program  
Last Ten Fiscal Years

Table E-1

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>General Government:</b>										
City Clerk	9	9	9	9	9	9	8	8	8	12
City Council	37	38	40	45	45	43	43	43	44	44
Community Development	10	8	8	8	8	11	11	11	11	11
Economic Development	11	11	0	0	0	0	0	0	0	0
Finance	106	114	116	119	119	119	116	119	118	117
Law	30	30	31	33	33	35	34	38	36	35
Mayor's Office	41	44	53	54	56	48	53	53	53	67
Equipment Management	83	89	89	89	89	89	86	86	86	86
Information Management Services	44	44	46	62	62	61	58	65	61	61
Personnel	16	16	16	18	18	18	17	18	19	38
<b>Public Safety:</b>										
Planning, Engineering, & Permits	216	230	227	233	232	235	226	225	213	204
Communications	16	16	16	0	0	0	0	0	0	0
Facility Services	97	0	0	0	0	0	0	0	0	0
Fire	683	683	688	688	688	689	687	687	723	709
Parole & Probation	12	11	11	11	11	11	10	10	10	10
Police	1,174	1,181	1,207	1,210	1,216	1,217	1,187	1,187	1,179	1,181
Municipal Court	54	56	62	63	65	71	67	66	64	66
Traffic Engineering	88	89	89	89	89	89	86	86	84	86
<b>Police:</b>										
Officers	921	921	916	917	917	892	862	864	859	859
Civilians	253	260	291	293	299	325	327	323	620	320
<b>Fire:</b>										
Officers	628	628	628	628	628	628	628	628	648	648
Civilians	55	55	60	60	60	60	58	58	75	61
<b>Environmental &amp; Streets:</b>										
Street & Sanitation	877	988	1,008	0	0	0	0	0	0	0
Public Works	0	0	0	1,012	1,165	1,204	1,177	1,174	1,166	1,164
Horticulture & Urban Forestry	147	156	153	153	0	0	0	0	0	0
<b>Culture &amp; Recreation:</b>										
State Fairgrounds	0	0	0	0	0	2	1	1	1	5
Auditorium	39	39	39	39	39	39	34	34	23	23
Arlington	8	8	9	8	8	8	8	8	7	12
Library	298	300	300	300	300	308	305	305	305	300
Museum of Art	30	30	35	35	32	32	30	30	28	42
Parks & Recreation	399	399	280	280	280	278	264	265	263	269
Southern Museum of Flight	5	6	6	6	6	6	6	6	6	9
Sloss Furnaces	17	18	18	18	18	18	17	17	14	14
<b>Totals</b>	<b>4,547</b>	<b>4,613</b>	<b>4,556</b>	<b>4,582</b>	<b>4,588</b>	<b>4,640</b>	<b>4,531</b>	<b>4,542</b>	<b>4,522</b>	<b>4,565</b>

Source: City Budget Office

Note: Economic Development Office was merged with the Mayor's Office in FY 2000.

Communications Department was merged with IMS Department in FY 1999

Facility Services Department was merged with Planning, Engineering, & Permits and the Street & Sanitation Departments in FY 1999.

The Public Works Department was formed in FY 2001 eliminating the Street & Sanitation Department; the Horticulture Department was merged with the Public Works Department in FY 2001.

City of Birmingham, Alabama  
Operating Indicators by Function/Program  
Last Six Fiscal Years

Table E-2

Function/Program	2002	2003	2004	2005	2006	2007
<b>Fire:</b>						
# of fires extinguished	2,568	2,558	2,428	3,648	2,695	2,704
Emergency Responses	48,140	48,568	49,026	51,383	51,642	52,313
# of inspections	4,073	6,964	6,964	7,500	6,651	6,412
<b>Library:</b>						
Volumes in collection	905,596	902,071	894,943	902,614	898,266	899,404
Circulation	1,845,447	1,704,473	1,595,944	1,434,350	1,425,546	1,519,261
<b>Planning, Engineering &amp; Permits:</b>						
Building Permits Issued	3,403	3,649	3,511	3,731	3,629	3,547
Other Permits Issued	11,677	12,399	12,473	13,364	14,018	12,967
<b>Police:</b>						
# of arrests	27,118	21,996	21,379	20,859	23,757	24,904

Source: Various City departments

**City of Birmingham, Alabama**  
**Capital Asset Statistics by Function/Program**  
**Last Six Fiscal Years**

**Table E-3**

<b>Function/Program</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Police precincts</b>	4	4	4	4	4	4
<b>Police substations</b>	6	6	6	6	6	6
<b>Fire stations</b>	30	30	30	30	31	31
<b>Miles of sewers:</b>						
Sanitary	890	890	890	890	1,411	1,411
Storm	475	475	475	475	691	691
<b>Street lights</b>	28,000	28,000	28,000	28,000	28,000	28,000
<b>Traffic signals</b>	700	700	700	700	700	700
<b>Street miles</b>	1,500	1,500	1,500	1,500	1,500	1,500
<b>Parks &amp; recreation:</b>						
# of Parks	106	106	106	106	106	106
Acreage of Parks	2,137	2,137	2,137	2,137	2,137	2,137
Recreation/community centers	18	18	18	18	18	18
Playgrounds	73	73	73	73	73	73
Baseball/softball fields	45	45	45	45	45	45
Soccer/football fields	18	18	18	18	18	18
<b>Libraries:</b>						
Central	1	1	1	1	1	1
Branches	19	19	19	19	19	19

**Source: Various City departments**